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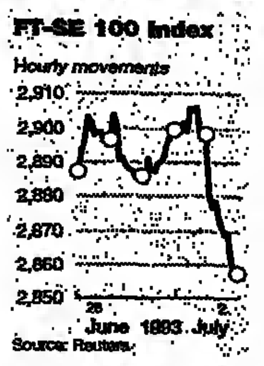
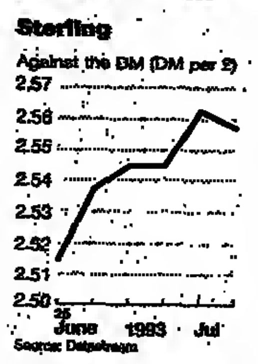
EC states in row over distribution of regional funds

The 12 European Community states are at odds over dividing up the Ecu157bn ($180.55bn) structural aid and regional development budget for 1994-99 with individual states seeking a greater share. The larger states also attacked the Commission's right to decide how money for the Community's industrially stricken regions should be allocated. Page 22

Gold at 2½-year high: Gold's price, driven by New York investment fund activity, rose sharply to close in London at $390 a troy ounce, its highest level for 2½ years. Page 8; Markets, Page 22; Commodities, Page 10

UK warms to Bundesbank rate cut cate





The Bundesbank decision to cut interest rates was regarded generally as positive for the London markets. Even though the FT-SE 100 ended the week lower after trying to jump the 2,900 level in the first half. The German rate cut makes a UK reduction more possible, if not yet likely. Sentiment surrounding the D-Mark failed to improve as the German economy remains in deep recession. Currencies, Page 11; Wkd, Page II

Brussels ready to talk to Hanoi: The European Commission said it was ready to open negotiations on a trade and co-operation pact with Vietnam, boosting the regime's campaign to end its commercial isolation. Page 2

Manila drownings: At least 80 people drowned when several boats sank in high winds during a religious river procession near the Filipino capital Manila.

Chrysler, US car manufacturer, is to sell its 2.72 per cent stake in Mitsubishi Motors of Japan, ending a 20-year capital link. Page 10

Aids cases 'total 2.6m': World Health Organisation member-states have reported 718,894 cases of Aids. But the agency puts the total at more than 2.5m because of under-reporting.

International Business Machines is expected to announce another big write-off to cover further workforce cuts – which could be as high as 50,000 this year – when it reports second-quarter results later this month. Page 10

Haiti democracy plan: General Raoul Cedras, leader of the coup that ousted President Jean-Bertrand Aristide, is understood to have agreed to a UN plan to restore democracy in Haiti.

Swan Hunter, UK shipbuilder in receivership, is to be allowed to complete work on three Type 23 frigates, giving the company work until November 1994. Page 4

Japan surplus stabilising: The growth in Japan's current account surplus, which could be the target of sharp criticism from both the US and EC at next week's Tokyo summit, is running out of steam, according to official figures. Page 2

Schlesinger cautious on Emu: Bundesbank president Helmut Schlesinger warned against too hasty a move to European monetary union. Page 2

Westland, UK helicopter producer, is entitled to £385m ($577.5m) damages over the collapse in 1980 of an Egyptian-based helicopter project, the International Chamber of Commerce arbitration tribunal ruled.

UN peacekeepers killed in Somalia: Three Italian UN soldiers were killed and at least 14 others and eight Somalis wounded during an attempted arms sweep in Mogadishu.

Tennis championships: Americans Pete Sampras and Jim Courier will contest tomorrow's Wimbledon men's final after beating respectively Boris Becker and Stefan Edberg.

■ STOCK MARKET INDICES		
FT-SE 100:	2857.7	(-31.7)
Yield	4.00	
FT-SE Eurotrack 100	1291.31	(-11.90)
FT-A All-Share	1418.83	(-0.82%)
Nikkei	19,621.46	(-303.15)
New York lunchtime:		
Dow Jones Ind Ave	3484.52	(-26.02)
S&P Composite	445.52	(-3.50)
■ US LUNCHTIME RATES		
Federal Funds:	3⅛%	
3-mo Treas Bills: Yld	3.093%	
Long Bond	105[illegible]	
Yield	6.682%	
■ LONDON MONEY		
3-mo Interbank	5 13/16%	(same)
Liffe long gilt future:	Jun 107 9/32	(Jun 107 [illegible])
■ NORTH SEA OIL (Argus)		
Brent 15-day (Aug)	$16.78	(17.19)
■ Gold		
New York Comex (Aug)	$388.7	(388.2)
London	$390.0	(383.5)

■ STERLING		
New York lunchtime:		
$	1.509	
London:		
$	1.5075	(1.5085)
DM	2.5575	(2.5625)
FFr	8.6525	(8.655)
SFr	2.275	(2.2825)
Y	163.75	(162.0)
£ Index	81.1	(80.9)
■ DOLLAR		
New York lunchtime:		
DM	1.696	
FFr	5.735	
SFr	1.51925	
Y	108.55	
London:		
DM	1.696	(1.699)
FFr	5.74	(5.7375)
SFr	1.5095	(1.5135)
Y	108.75	(107.4)
$ Index	65.5	(65.4)
Tokyo close Y 107.93		

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President doubts deal to end bilateral friction with Japan can be reached in Tokyo

Clinton cautious on chances for G7 trade talks

By Jurek Martin in Washington

PRESIDENT Bill Clinton has only modest hopes that next week's summit in Tokyo of the Group of Seven leading industrial nations can achieve a critical breakthrough in the long-stalled Uruguay Round of trade talks.

He also doubts that an agreement with Japan on bilateral frictions can be reached in Tokyo, largely because of current Japanese political uncertainty. But he said the Japanese people should view their political transition with "excitement and interest" and as a positive development.

His comments came in an Oval Office interview with newspaper journalists from each of the G7 nations, of which the Financial Times was the representative from the UK. It is believed to be the first session that Mr Clinton has held exclusively with foreign correspondents since taking office in January.

In general, he was bullish about the prospects for the summit. He predicted "serious discussions" on co-ordinating macro-economic policies, trade and exploring new ways of attacking structural economic difficulties, particularly unemployment. He suggested this last category would be explored fully at a summit "for perhaps the first time".

He hoped for "genuine progress" on the Uruguay Round. But he fell short of predicting summit agreement, preferring instead to talk of "increasing the chances that we will successfully conclude GATT by the end of this year".

Anticipating that Tokyo might confine itself only to a general exhortation, he said the words in the communiqué should be seen as far less important than the "tone, atmosphere and ideas" discussed in the Japanese capital.

He was convinced that the G7 process still served a purpose.

US jobs figures below expectations ....Page 2
Clinton interview ....Page 6

"Our job is to lead. I know it is difficult to lead when you have troubles yourselves, and all of us have economic troubles. All of us to a greater and lesser extent also have political conflict within our countries."

But if the G7 played to its strengths – he cited its innovative workforces, its technological competence and its understanding of how economies worked – and if co-ordinated policies were then put in place, "I think G7 meetings can really make a difference".

Administration officials have ducked questions about any failure to make a final push towards a Uruguay Round agreement.

But, in a briefing here this week, one senior official hinted that the US might be prepared to accept, as an interim measure, a more limited pact on market access measures.

Trade ministers from the US, Japan, the European Community and Canada will continue to negotiate until the summit convenes next Wednesday.

On Japan, Mr Clinton was insistent on "some realignment in our trade relations – and I think we're going to work that out". But he stressed "the lots of other things we have in common", not least the economic and security policy fronts.

Mr Clinton emphasised examples of US economic leadership and rejected suggestions that there were doubts about the US will to lead. His $500bn (£333.3bn) five-year budget deficit reduction plan, now facing a final test in Congress, constituted the sort of action that other summit nations had been demanding of the US for years.

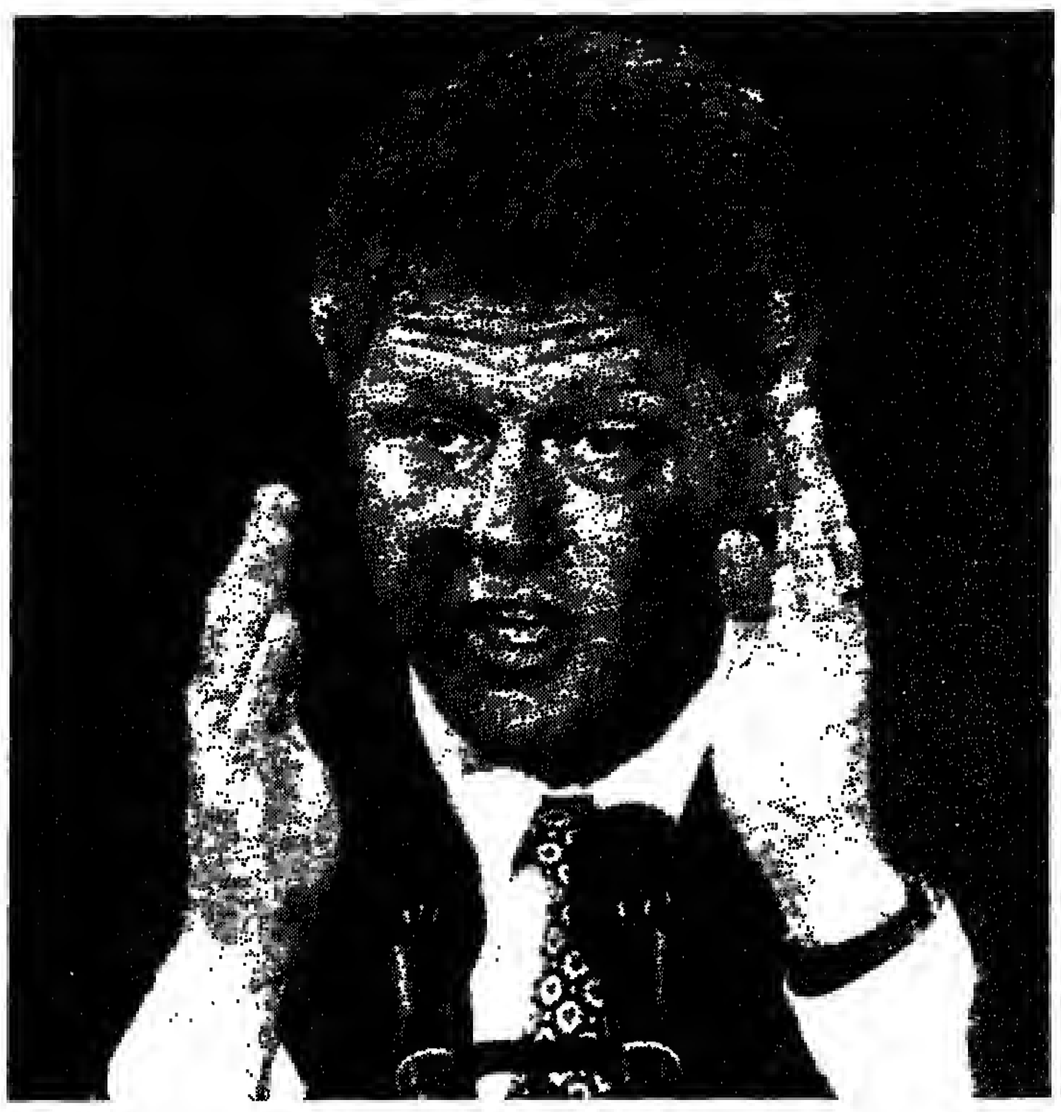
He was proud of the initiative to develop a substantial assistance package for Russia, discussion of which is also on the Tokyo agenda.

But he said, with a tacit nod to poor US unemployment figures released yesterday, that there was only so much the US could do to improve its own economy. Job creation in the US, two-thirds of which has stemmed receotly from exports, was dependent on recoveries in Japan and Europe.

He also declined to criticise the Bundesbank for being dilatory in cutting German interest rates, saying that independent ceotral banks should be free of external criticism. The health of the German economy, he said, was "vital for all Americans".

The latest French complaints about US anti-dumping rulings on steel imports failed to recognise that US laws were consistent with Gatt rules, he said. But if France wanted to propose stronger trade enforcement mechanisms he was always ready to consider them.

Mr Clintoo said disagreement with Europe over Bosnia was "the only point of contention between us", with Germany supporting the US position to arm the Moslems and France, Britain and Russia in opposition.



President Clinton: the G7 process still served a purpose, he maintained. 'Our job is to lead,' he said

Scepticism mounts at Westminster over claims by Mates

By Michael Cassell and Andrew Jack

MR MICHAEL MATES, the former Northern Ireland minister, yesterday tried to revive his campaign for an inquiry into the Serious Fraud Office as mounting scepticism among MPs threatened to undermine his credibility at Westminster.

Mr Mates repeated his claims of possible collusion between the SFO, the Inland Revenue and the police in preparing a case against Mr Asil Nadir, the fugitive businessman. The MP called for a "quick, independent" inquiry. The whole truth, he said, had yet to come out.

His renewed allegations were again denied by Mr George Staple, director of the SFO, who said his staff had "nothing to hide".

Mr Anthony Scrivener, the barrister who acted for Mr Nadir, also demanded an inquiry into allegations of a plot to bribe the trial judge and a conspiracy to pervert the course of justice. Mr Scrivener called on Sir Nicholas Lyell, the attorney-general, to publish all his correspondence on the bribery allegations.

MPs on all sides at Westminster, most of whom are against an inquiry into the SFO, have become increasingly wary of some of Mr Mates's allegations. Doubts about the validity of the MP's defiant campaign have been fuelled further by apparent contradictions in his account of events over the last 10 days.

Meanwhile, Mr Neil Cooper, Mr Nadir's trustee in bankruptcy, rejected as incomplete

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Apprentices' jobs hit at BAe and R-Royce

By Roland Adburgham, Wales and West Correspondent

APPRENTICES with British Aerospace and Rolls-Royce are for the first time not being given jobs with the companies on completion of their training. New apprenticeships are also unlikely to be offered this autumn.

The companies, which have already been reducing their intake of new apprentices, insist that they are not turning their back on the apprenticeship system, but that their action is due to the heavy redundancies caused by the contraction of the aerospace and defence industries.

BAe has told all 46 of its final-year craft apprentices in its Airbus division at Filton, north Bristol, that it does not expect to be able to offer them jobs. The company recently announced that it is seeking another 450 redundancies at Filton by the end of the year.

It said yesterday that there was no philosophical change in its attitude to apprenticeships, but it needed to have the right structure of its reduced workforce. It did not expect to take on any new apprentices this September at its UK plants.

The Airbus division, which employs 5,300 people at Filton, is offering the redundant apprentices advice on job seeking and training credits to the value of £1,500. It says it will pay for a ooe-month trial with other companies where there is a realistic chance of a permanent post.

Rolls-Royce said yesterday it had told 33 craft and technical apprentices at its Patchway plant in north Bristol that there would not be jobs for them on completioo of their training – which in most cases takes three years. But it hoped to place 38 other final-year apprentices. The employment prospects of its apprentices at Derby are under review.

The Patchway plant had 6,800 workers at the start of this year

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Target date set for South African poll

By Patti Waldmeir in Johannesburg and George Graham in Washington

THE SOUTH African government and the African National Congress last night forced through agreement on a date for the country's first multiracial election, over-ruling the objections of rightwing parties who walked out of negotiations in protest.

The 26-party negotiating forum also agreed in principle to establish a Transitional Executive Council to oversee government in the run-np to the election, on April 27 next year, but avoided difficult debate on the powers it would exercise. The Inkatha Freedom Party and its white rightwing allies, known as the Concerned South Africans Group, rejected this as well.

However, officials of the right made clear that they would return to the talks when negotiations resume after a two-week break.

Yesterday's deal, which is of little more than symbolic importance, was clearly timed to coincide with the visit to the US of Mr Nelson Mandela, ANC leader, and President F.W. de Klerk. Yesterday the two were due separately to see President Bill Clinton, and were obviously keen to present him with evidence of progress in democracy talks.

Mr de Klerk said he was confident the remaining US economic sanctions against South Africa would be lifted soon. "We will make the necessary breakthroughs. It is just a matter of time," he said after a meeting with Mr Warren Christopher, US secretary of state.

Mr Mandela had planned to use his US visit to call for the lifting of remaining sanctions, but Mr Cyril Ramaphosa, ANC secretary general, said ANC preconditions for lifting sanctions had not been met by yesterday's agreement.

Mr Ramaphosa still lauded yesterday's deal, saying "the democracy train is on track".

Despite the fanfare, little concrete progress towards democracy was made yesterday. Decisions on the tonghest constitutional issues, including whether South Africa should be a unitary or a federal state, how power should be shared in the first elected government and how the country should be governed in the run-up to the first election, were largely deferred.

The forum simply finalised an earlier agreement in principle on the date, which must remain merely a target until a new constitution has been agreed.

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US job figure dents hope of fast growth

By Michael Prowse in Washington

THE Clinton administration's hopes of a strong US economic recovery were dented yesterday by far weaker than expected employment figures for June.

The Labour Department said non-farm employment rose only 13,000 last month, about a tenth of the increase predicted by Wall Street analysts. The figures – the latest in a string of recent weak statistics – prompted heavy selling of shares.

By noon the Dow Jones Industrial Average was down more than 25 points at 3484.80.

President Bill Clinton said the economy was moving ahead but only in "fits and starts". He said shaky job creation reflected the adverse domestic impact of military base closures as well as lack of investment spending. The international economic slowdown was also undermining job prospects in the US.

Manufacturing employment fell 53,000 in June, the fourth consecutive monthly decline. The manufacturing workforce has contracted by about 1 per cent since February and by nearly 10 per cent since the last peak reached in January 1989.

The decline in factory jobs last month, however, was more than offset by higher employment in retailing and other service industries.

Officials said the June employment figures might have been misleadingly weak because the survey of the workforce was conducted earlier in the month than usual. On several previous occasions this has led to an erratically low employment count.

Last month's figures should also be set against substantial gains in payroll employment of 255,000 and 215,000 in April and May respectively. Figures for both months were revised higher in the latest report.

For the second quarter as a whole, the average monthly increase in employment was 162,000, against 161,000 in the first quarter and an average of about 80,000 last year.

On Wall Street, analysts differed sharply in their analysis of the figures. Mr Jim O'Sullivan, an economist at J P Morgan, the New York bank, said the June data were "clearly an aberration". Following a substantial increase in both employment and hours worked in the second quarter "the economy was poised for solid gains." There was no reason to revise the bank's forecast of growth at an annual rate of 3.5 per cent in the second half.

Mr David Resler, chief economist at Nomura Securities in New York, said the employment figures fitted a recent pattern of "gravely disappointing" economic news. Cuts in defence spending and planned tax increases threatened to create a vicious circle of declining confidence, weak demand and falling incomes.

Moslems struggle to fend off Serb-Croat offensive

By Laura Silber in Zagreb

MOSLEM fighters yesterday struggled to fend off a joint Serb and Croat offensive on key strongholds in north central Bosnia.

In another bid to block the delivery of humanitarian aid to besieged Moslem communities, Serb fighters demanded a tanker of fuel before allowing the passage of an emergency convoy which on Wednesday was stopped near Sarajevo. UN relief officials said Serb commanders had given guarantees that they would suspend a $500 (£333) toll for aid lorries imposed earlier this week.

Croatian radio said the Croatian Defence Council (HVO) had "destroyed" the Moslem attempts to defend Zepce, where more than 100 people were reported to have been killed in the fighting.

UN officials said up to 10,000 Moslems yesterday streamed out of the region, under constant attack by Serb forces. They were reportedly heading towards Zenica, one of six UN "safe areas" in Bosnia.

The fall of Zepce to Croat forces was another setback for the Moslems, pinned between their powerful foes.

Serb forces are concentrated to the north apparently intent on carving out a second land corridor through central Bosnia, connecting Serb-held territories.

After seizing Zepce, Serb and Croat forces tightened their stranglehold on nearby Maglaj and Zavidovici. They are now poised to deal another blow to the enclaves of Zenica and Tuzla, further isolated by the latest advance.

Recent fighting has made impossible the delivery of humanitarian relief to the two Moslem strongholds, supposedly under UN protection. Relief workers fear that hundreds of thousands of Moslems stranded in the "safe areas" will be cut off aid.

Mr Veso Vegar, HVO spokesman, said 150 people had been killed when HVO units seized control of Zepce. He denied reports that Croat and Serb forces had entered into a powerful alliance against the outgunned Moslems.

Meanwhile Yugoslavia, now comprising Serbia and Montenegro, yesterday said it would not extend the mandate for the mission of the Council for Security and Co-operation in Europe (CSCE) to monitor the rights of minorities in tha unrecognised Balkan federation. The move was in apparent retaliation for Yugoslavia's suspension from the CSCE last year for snpporting the carve-up of Bosnia.

Brussels set for Hanoi trade talks

By Lionel Barber in Brussels

THE European Commission yesterday said it was ready to open negotiations on a trade and co-operation pact with Vietnam, boosting the Hanoi regime's campaign to end its commercial isolation.

The announcement followed two days of talks in Brussels between the European Commission and a Vietnamese delegation led by Mr Vo Van Kiet, prime minister – the first visit to Europe by a Vietnamese premier in 25 years.

Europe's push for closer trade ties with Vietnam comes amid signs that the US is close to lifting US opposition to Vietnam's reinstatement in the World Bank and the International Monetary Fund.

The latest moves suggest a balancing act between the Clinton administration and the Commission on Vietnam.

"We are moving a little faster on trade because the Americans have the special problem with the MIAs [soldiers missing in action], but not so fast as to cause a cleavage," said one EC official.

Mr Manuel Marin, EC commissioner responsible for development policy, is expected to win a mandate for opening negotiations with Vietnam at the next week's regular meeting of the full Commission.

The EC has trade and co-operation pacts with dozens of countries, including Vietnam's east Asian neighbours, which include requirements for the respect of human rights and democracy. EC officials say Hanoi's human rights record remains imperfect, but it has made progress in the principal test of reintegrating the Vietnamese boat people who fled in the 1980s. Some 39,000 have so far been satisfactorily accepted back into Vietnamese society, according to the United Nations High Commission for Refugees.

The EC normalised its relations with Vietnam in November 1989 and relations have improved steadily since Hanoi signed the Cambodia peace accords in Paris almost two years later.

During this week's talks, the Vietnamese delegation – which included the foreign, finance and development ministers – also expressed interest in joining Gatt, according to EC officials.

'Old friends' contributed to election fund, says Hayashi

By Robert Thomson in Tokyo

WHEN Mr Yoshiro Hayashi, Japan's finance minister, yesterday explained that his "old friends", the country's leading banks, had generously contributed to his election fighting fund, voters were again reminded that, morally and financially, Japanese politics is an expensive business.

Not long after, Mr Kishiro Nakamura, the construction minister, glumly confessed that he had requested funds from his "friends", the construction industry, even though he has spent much of the week chastising four contractors for allegedly bribing a regional mayor.

A Japanese television station rolled out a representativa from an "ethical political donations" citizens' group who thought it unseemly that ministers took money from the ministered, but the two politicians say they did no wrong. Mr Hayashi poetically explained that banks had given him money "for many winters and summers".

"I don't think they are making donations because I am the finance minister. They give money because I am a politician and they support my party," he said.

Having been forced to call a snap election for July 18, the ruling Liberal Democratic party has scrambled to raise funds from its traditional corporate donors, some of whom are concerned that there could be guilt by association with the scandal-prone party.

The campaign is being fought by most parties on the issue of "political reform" and ending the era of "money politics", but running a campaign against "money politics" is expensive, and not only the LDP has had to answer awkward questions over funding sources.

Shinseito, tha Japan Renewal party, has spent much of the week denying that its reformist leader, Mr Tsutomu Hata, the man who led the rebellion that brought down the government, went with collection plate in hand to meet the head of a Buddhist movement, Soka Gakkai.

The wealthy Soka Gakkai bankrolls its own political party, Komeito, appropriately, the Clean Government party, but is also close to Mr Hata. A JRP official said the party's candidates are raising funds "by putting up their homes as collateral", and tapping small and medium-sized companies: "I don't know where every yen is coming from, but none of it is illegal".

As for Mr Hayashi, his office insisted that none of his support groups had accepted more than the ¥1.5m limit, and the grand total received from banks is less than ¥100m. Politicians get around the ¥1.5m limit by setting up dozens of support groups.

Leading Japanesa banks have already provided ¥10bn in loans to the LDP, though the institutions say the terms of the loan are a secret, as "we never provide details of dealings with our customers".

Some companies reluctant to make direct donations are buying advertisements in LDP journals, where the rates are calculated not by the centimetre, hut by the depth of devotion to the party.

● Japan may scrap its controversial system of "designated hidding" for public works projects, blamed for encouraging political corruption and condemned hy the US for restricting market access.

The ministry of construction said an advisory panel will be commissioned this month to suggest reforms and to consider whether bidding should be completely open, as requested hy Washington. Under the present system, only companies designatad hy national or local governments are ahle to bid for projects, creating opportunities for government officials to tamper with the bidding process.

The number of European opinion leaders who think that Japan cannot be trusted is increasing, according to a government poll published on Friday, Reuter reports from Tokyo. A total of 3,890 politicians, government officials, labour union leaders, scholars and journalists in Britain, Germany, France, Italy, Belgium, the Netherlands and Spain replied to the survey, carried out by Japan's foreign ministry. In Britain and France, about 40 per cent said they could not trust Japan or were not inclined, almost double that in the previous poll in 1990.

Kiichi Miyazawa, Japanese prime minister, at the National Press Club in Tokyo. Four opposition party chiefs, citing ruling party corruption, rejected his plea to join a coalition after the election

Japanese current account growth easing

By Charles Leadbeater in Tokyo

THE growth in Japan's current account surplus, which could be the focus of sharp criticism from both the US and the EC at next week's Tokyo summit, is running out of steam, according to official figures published yesterday.

However Japan's current account surplus with the EC rose sharply from $25bn in 1991 to $37bn (£24.6bn) last year, according to Finance Ministry figures for Japanese trade in 1992 published yesterday. The 48 per cent rise in the surplus with the EC compares with an 11.25 per cent rise in the surplus with the US. Japan's current account surplus in May was $9.5bn, up about 0.9 per cent from the same month last year, while the trade surplus fell 1 per cent to $9.9bn. The latter fell because imports rose by 16 per cent to $16.2bn while exports rose only 5.6 per cent to $26.2bn.

The Japanese government is likely to point to the slower growth of the surplus as evidence that its pump-priming measures over the past year are beginning to revive demand for imports.

The US and the EC have both called on Japan to halve the current account surplus, which is expected to be worth about $150bn this year, about 3.5 per cent of Japan's gross national product.

The US is expected to renew its calls for Japan to stimulate its economy and cut the surplus during next week's Tokyo summit of heads of state from the Group of Seven leading industrialised nations.

Pressure upon Japan will be intensified by the Bundesbank's half-point cut in its official discount rate to 6.75 per cent in Thursday.

The Bank of Japan's regional officials will meet in Tokyo early next week to review the state of the economy. In the past such meetings have been followed by interest rate changes. The case for a further cut in Japanese interest rates has been strengthened hy the yen's rebound against the dollar in the past week in the face of political turmoil.

Japan's global current account surplus in 1992 was $117.5bn, a 61.2 per cent rise from the year before, according to Finance Ministry figures published yesterday. The merchandise trade surplus was $132.3bn, up from $103bn the year before.

Exports rose by 7.9 per cent at $330bn, an increase the Japanese government attributes mainly to a shift in the terms of trade which has increased the value of Japanese exports. Imports fell from $203hn to $198bn and there was a $7bn fall to $10bn in Japanese consumption of foriegn services.

Japan's current account surplus with the US was $44.5bn, up from $40bn the year before, while its surplus with south east Asia rose from $33.8bn to $41.6bn.

Schlesinger warns on monetary union

By David Waller in Frankfurt

THE president of the Bundesbank yesterday warned against too hasty a move towards European monetary union.

Giving evidence before the German constitutional court in Karlsruhe, which this week held two days of hearings on the ratification of the Maastricht Treaty, Mr Helmut Schlesinger said that moves towards monetary union should be backed up with a "clear structure for political union".

Mr Schlesinger also cautioned that countries should not be granted too much freedom of manoeuvre when it came to the "convergence criteria" which set the standards – including those for inflation and government borrowing – with which countries will have to comply before being allowed to join Emu.

"It is better to have a step-by-step development [towards Emu] than a cobbling together," Mr Schlesinger said.

Although his comments repeat the Bundesbank's orthodox position vis-a-vis the Maastricht treaty, these sceptical remarks before the court will add weight to outright opponents of monetary and political union in Germany.

The court is unlikely to make a decision on whether Maastricht complies with the German constitution before October this year.

If it rejects the treaty it is likely to mean the end of the process towards monetary and political union in Europe.

Donors promise $7.4bn aid for India

By Shiraz Sidhva in New Delhi

INDIA'S donor countries, led hy the World Bank, yesterday pledged assistance worth $7.4bn (£4.93bn) for 1993-94, far exceeding the expectations of the Indian government and the World Bank.

The pledge, which came at the conclusion of the two-day Aid India consortium, the annual meeting held in Paris between India and its international aid donors, was $200m more than last year's figure of $7.2bn. The pledges from multilateral sources accounted for $4.2bn, with the World Bank accounting for more than $3bn end the Asian Development Bank, $1.2bn.

Indian officials are relieved the fast-dishursing assistance component is $2.2bn, which will help tide India over transitional difficulties in its third year of economic reforms. Officials said there was marked support from the UK, Germany and the US.

While acknowledging that the Indian economy had made considerable progress last year despite the politically turbulent times, most of the donors agreed with the view expressed by Mr Joseph Wood, the World Bank's vice-president for South Asia, that "the pace of future economic reform in India will depend also on the government's ability to establish a viable external financing plan that covers the difficult period that lies ahead."

In Delhi yesterday the government announced its intention to further deepen the reform process and reduce the fiscal deficit to 3 per cent of the GDP by 1996-97 from this year's 7 per cent.

Snags for Italian poll reform

By Robert Graham in Rome

LAST-MINUTE changes by both Italy's senate and chamber of deputies threaten to disrupt carefully agreed proposals for electoral reform.

Both houses have worked with unusual speed to approve new electoral reform laws and so enable legislation to be in place before the summer parliamentary recess at the beginning of August.

But this week, first the chamber of depnties and then the senate endorsed unusual proposals which risk being considered unconstitutional – or heing rejected when tha laws are sent from one house to another in parliament for endorsement.

In both cases the unexpected proposals could cause a delay, as the senate has to approve the chamber's laws and vice versa in a parliamentary process where both houses possess equal powers.

The unexpected proposal from the senate was for a limit of three legislatures, or 15 years, on the time that any one person could remain either a deputy or a senator. If passed in both houses, this would disqualify a high proportion of the hest known figures in every party and would remove 94 Christian Democrats alone.

More polemical has been the majority decision in the chamber of deputies to allow Italians overseas to have parliamentary representation with 25 seats in the lower house. Soma saw this as an astute attempt to sabotage the reform law introducing a first-past-the-post-system for 75 per cent of the lower house.

Since agreement was reached on partial introduction of an British-style voting system, a number of deputies have had second thoughts on the wisdom of excluding a second round of voting where no candidate has achieved an absolnte majority. Encouraging the senate to pick holes or make changes in the chamber of deputies' proposals would allow the dehata to he reopened.

As it is, a sizeable portion of parliament is happy to see the electoral reform process slowed in order to prevent elections in the autumn.

Constitutional lawyers are arguing in any event that the introduction of the principle of overseas members of parliament is unconstitutional. The neo-fascist MSI, which sponsored the idea, claimed this was a genuine attempt to give a parliamentary voice to Italians abroad. At present 2,020,551 are registered as living ahroad, 1.3m of them in Europe. But the overall figure eligible could be double this.

It is unclear whether the 25 seats would be added to the existing 630 in the chamber or found from the 473 allocated for the new first-past-the-post system. The remaining 157 seats will be won on the basis of the old proportional representation system.

The reform proposals being sent to the senate envisage voters with two slips – one for the majority vote and the other for the 25 per cent proportional representation.

For the latter, the electorate will be allowed to vote for a party list and state one preference candidate.

Spain and France cut intervention rates

By Alice Rawsthorn in Paris and Peter Bruce in Madrid

FRANCE and Spain yesterday moved quickly to take advantage of Thursday's Cerman Bundesbank rate cuts, hy cutting their key intervention rates by 0.25 percentage points.

The key Bank of France rate was cut from 7 to 6.75 per cent, the sama level as its German counterpart, while the Bank of Spain rate fell from 11.25 to 11 per cent.

The Bank of France also reduced its short-term lending facility, the 5 to 10 day rate, by 0.25 percentage points, from 8 per cent to 7.75 per cent. French official short-term rates last month fell below their German equivalent for the first time in 26 years.

The French government is gamhling that the steady reductions in interest rates will stimulate the recession-struck economy.

The Balladur administration is also aware that lower rates could be an important catalyst for its ambitious privatisation plans by encouraging savers to move their cash into shares.

Bnt the Spanish cut is unlikely to provide immediate economic relief, as evidence mounts that the country is in the grip of possibly its worst recession in 25 years.

Figures published by tha government earlier this week suggested that gross domestic product shrank by 1.1 per cent in the first quarter of the year. Overall, investment fell 8.9 per cent, internal demand fell 2.1 per cent and consumption stagnated.

G7 meeting's success will hinge on tariff talks

By Our Foreign Staff

POLITICIANS and business leaders agreed yesterday that success or failure at next week's Group of Saven economic summit in Tokyo will hinge on the outcome next Tuesday of negotiations on tariff cuts in manufactures and services.

A senior EC official said yesterday "everything hinges" on quadrilateral talks involving the US, EC, Japan and Canada on tariff cuts. Quad officials have been negotiating all week in Toronto, and will report to a special ministerial meeting in Tokyo on Tuesday. This was hastily arranged last week after talks intended to hone a deal had floundered.

Initial hopes that the Tokyo meeting might secure a substantial market access agreement to relaunch the long-stalled Uruguay Round of talks on global trade liberalisation have dimmed as France has hardened its opposition. The Japanese government, which faces alections in less than three weeks, may also be too weak to make tariff concessions, diplomats in Brussels say.

Also in Brussels, Mr Alain Juppé, French foreign minister, told colleagues France would insist on an end to bilateral and quadrilateral negotiations. He said the Uruguay Round talks had to be multilateralised. EC negotiators should operate in Geneva only with a mandate from the Council of Ministers of the Twelve.

France won sympathy because of the hard line the US is taking over anti-dumping and countervailing duties on EC steel products, which the EC describes as "wholly unjustified".

Sir Leon Brittan, EC trade commissioner, tried to make light of the upcoming Quad meeting, insisting thet the current market access negotiations were simply "useful tools or pegs along the way" to a final agreement.

In London, senior British officials said Mr John Major, tha prime minister, would press hard for progress on the Uruguay Round.

The prime minister yesterday met Mr Peter Sutherland, the new director general of the General Agreement on Tariffs and Trade. Officials said the meeting showed the UK was pushing "very, very hard" for trade liheralisation avan though Britain realised that there wera hig obstacles to progress.

Leading business groups also pointed to the critical need for a Uruguay Round hreakthrough in Tokyo. The Paris-based International Chamber of Commerce, which groups more than 100 leading companies across the world, said a successful outcome to the Uruguay Round was "crucial and urgent... a litmus test of the political will and leadership of the G7."

In London, Sir David Plastow, chairman of the British-Nortb American Research Association, which groups business, union, and academic leaders from both sides of the Atlantic, sent an open letter to Mr Major expressing deep concern over the lack of progress towards a Uruguay Round settlement: "If the current negotiations fail, a unique opportunity to reform and modernise the world trading system will have been lost."

Mr Zygmunt Tyezkiewicz, secretary general of the Union of Industrial and Employers' Confederations (Unice), Europe's leading grouping of industrialists, noted in an open letter: "Businesses are running out of time. Without effective and enforceable rules, protectionism will endanger glohal co-operation and trade."

Meanwhile, it was announced in Brussels that the EC delegation will not be led by Mr Jacques Delors, president of the European Commission, but by Mr Jean-Luc Dehaene, prime minister of Belgium, which has just taken over the rotating EC presidency.

A spokesman for Mr Delors said he had been advised by doctors to avoid a gruelling 12-hour trip to Tokyo because of recurring sciatica. But EC officials suggested that the Commission president "might not ha too unhappy" to miss a summit whosa prospects for success have receded.

The senior EC official offered a sober assessment of the prospects for a breakthrough, predicting however that "everybody will turn up the pressure on Japan" to make concessions to reduce its trade surplus. This stood at $132hn (£88hn) last year, and is expected to rise further this year.

Whitehall officials agree that next Tuesday's Quad talks will be crucial. The G7 summit itself, which begins on Wednesday, will not be the forum for negotiations, although Mr Major will want the G7 leaders to keep up the pressure for progress on trade.

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NEWS: INTERNATIONAL

Instability and tensions grow in former Soviet Union as Kiev and the Urals region defy Moscow

Ukraine says it owns nuclear arms

By John Lloyd, Moscow

THE Ukrainian parliament yesterday took a further step along the road to becoming a fully fledged nuclear power by declaring that Ukraine owned the 176 strategic nuclear missiles on its territory.

The parliament passed a new defence doctrine declaring that the state "owns the nuclear weapons on its territory". The weapons are 130 six-warhead SS19s, 46 10-warhead SS24s together with hundreds of nuclear-armed cruise missiles carried on heavy bombers.

The vote was one in a series of incidents within the former Soviet Union yesterday which underscored the precariousness of their political, economic and even territorial existence.

The Georgian government accused Russia of sending 2,000 troops in full combat gear to Georgia, following an earlier claim that commandos from the forces of the breakaway region of Abkhazia landed from the sea in the Abkhazian capital of Sukhumi and attacked the Georgian forces which still control the city.

Guards on the border between Tajikistan and Afghanistan claim to have repulsed a force of 150 guerrillas of the Tajik opposition attempting to infiltrate the country from bases in Afghanistan, according to an interview on the Interfax News Agency with Colonel Valery Kochenov, a senior Russian ataff officer. The Tajik frontier is largely guarded by Russians.

A constitutional crisis deepened in Belarus, as Mr Stanialav Shushkevich, the chairman of parliament and head of state, refused to step down in spite of an overwhelming vote of confidence against him on Thursday in the Belarus parliament – a vote which, however, was inquorate.

Mr Shushkevich, a liberal, was accused by largely conservative deputies of failing to move Belarussian policy closer to Russia. Mr Shushkevich has responded by demanding a constitutional assembly to adopt a new state constitution.

The Ukrainian move is the latest in a lengthening chain of decisions and declarations which point to the loss of any political will to give up the weapons and to ratify the Start I and II treaties which have yet to be put before parliament.

Though the nuclear missiles are still ultimately controlled fom Moscow, unconfirmed reports point to an attempt by Ukrainian authorities to develop their own control system.

The decision will further sour relations between Ukraine and Russia, as Moscow has always claimed ultimate ownership of the missiles and has demanded their return or destruction under the terms of the Start treaties. The Russian parliament cannot ratify Start II while Start I remains unratified by Ukraine.

The issue of the Black Sea fleet based in ports in the Ukrainian-held but ethnic Russian-dominated region of Crimea between the two republics has over the past few days revived animosity between the two countries.

Though Presidents Leonid Kravchuk of Ukraine and Boris Yeltsin of Russia have agreed to the split and continue to support it, Russian military officers have rejected the decision.

Even the Russian defence minister General Pavel Grachev yesterday said that "the ideal would be to keep the fleet united" and called for attention to be paid to the strong objections of the largely Russian naval officers.

However, Mr Dmytro Pavlychko, chairman of the Ukrainian parliament's foreign affairs commission said after the debate: "Ukraine will move towards arms reduction and Start will be ratified. Only our enemies can say that Ukraine wants to become a nuclear state."

Recruits to Lithuania's army being put through their paces this week. Like the other Baltic states, the former Soviet republic is asserting its independence and forming its own armed forces.

Urals region boosts status

By John Lloyd in Moscow

ONE of the richest and most highly industrialised regions in Russia has declared itself a republic.

The Sverdlovsk region voted on Thursday to rename itself the "Urals Republic" – thus claiming the enhanced rights which a draft constitution being thrashed out by a constitutional assembly would give to republics over mere regions.

The move is a sharp warning to Russian President Boris Yeltsin that his efforts to introduce a constitution and federal treaty capable of holding together the vast and diverse Russian land mass face increasing difficulties.

Sverdlovsk council controls a reletively rich region the size of France, with a population of only 5m. The main city, Ekaterinburg, formerly Sverdlovsk and the fief of Mr Yeltsin when he was a regional Communist party secretary, is the fourth largest city in Russia and one of the most go-ahead in embracing the market.

Mr Anatoly Grebenkin, the regional council chairman, said yesterday: "We hope this step will give a new impulse to the process [of developing a constitution] and will put pressure on the assembly to finally find a solution."

The move, accompanied by assurances that they were not claiming the primacy of their law over federal legislation, will upset the fragile balance between the 20 republics and the regions. Many of the latter are larger and richer than republics, which are often sparsely populated and dependent on central subsidies.

Under the draft constitution, republics have larger powers in the proposed two-chamber parliament and greater rights of self-government. Since much of the politicking now concerns the amount of its own resources each administrative area can keep and how little it can pass on to Moscow, the question of status becomes an urgent one.

The next meeting of the constitutional assembly, largely made up of regional and republican leaders, is set for July 12 and is supposed to produce the final draft of the constitution.

NEWS IN BRIEF

Haiti military agrees to restore Aristide to power

HAITI'S military leaders yesterday accepted a UN proposal to restore ousted president Jean-Bertrand Aristide to power, writes Michael Littlejohns, UN Correspondent, in New York.

Father Aristide did not respond immediately but last night appeared likely to agree.

The exiled president had refused to enter direct talks with General Raoul Cedras, the junta leader, but was being pressed to meet him face to face to conclude the pact.

Negotiations have been going on all week at a high security US military base on an island in New York harbour, with Mr Dante Caputo, a former Argentine foreign minister, mediating on behalf of the UN and the Organisation of American States.

Under his plan the UN would retrain the Haitian police who have been accused of murder, torture and other atrocities in a long reign of repression. An earlier idea to send 500 UN troops to the country to oversee the return of democracy was apparently abandoned.

Czech minister accuses EC

Mr Karel Dyba, the Czech economy minister, yesterday criticised the European Community for showing "absolutely the wrong approach" over its reluctance to accept eastern and central European countries as full members, writes David Marsh in Vienna.

At a conference on European integration in Vienna, Mr Dyba said: "We can join [the EC] tomorrow if they like. Our economy is probably stronger than the Greek economy."

The EC must turn into reality its decision last week to speed up trade liberalisation with eastern Europe, he said. Last week's Copenhagen summit resulted in "interesting words" on opening up the EC. But "volatility" in Community countries was preventing firm action. "They [the EC members] are not sure themselves how to move ahead."

Somalis kill 3 Italian soldiers

Somali gunmen killed three Italian soldiers and wounded 21 when they forced 800 Italian UN peacekeepers and 400 Somali police to retreat after a search for illegal weapons in Mogadishu yesterday, Reuter reports from Mogadishu .

Lieutenant Colonel Giovanni Fiantini said the gunmen pinned down a convoy of six Italian tanks and up to 20 armoured cars down for three hours. "The general preferred to pull back and to return in the next days," said an Italian military spokesmen.

Meanwhile the Italian cabinet agreed to send almost 2,500 servicemen to Somalia at the request of the United Nations and the US and a further 1,200 troops to support UN humanitarian operations in Mozambique, writes Robert Graham in Rome.

In Bonn, Germany's parliament approved deployment of 1,700 troops to Somalia, limited to providing logistical support for other UN peacekeepers. The vote cleared the final hurdle for Germany's biggest deployment of ground forces abroad since the second world war.

Sihanouk's Khmer Rouge dilemma

The Khmer Rouge would give up the 20 per cent of Cambodia it controls in return for a role in the newly elected government, Prince Norodom Sihanouk said yesterday, AP reports from Phnom Penh.

But, said Prince Sihanouk, the head of state, such a move would lead to Cambodia being denied foreign aid.

He noted that the US had said it would not provide assistance to Cambodia if the Khmer Rouge was given a role in the administration.

Prince Sihanouk met Khmer Rouge leaders on Thursday.

China acts to cool economy

China yesterday confirmed the appointment of Mr Zhu Rongji, its senior vice premier, as governor of the central bank to bolster efforts to calm its over-heating economy and bring order to its chaotic financial sector, our Beijing staff report.

Hurd plans sudden Beijing visit

Britain's foreign secretary, Mr Douglas Hurd, said yesterday he would make a hastily-arranged visit to China next week but would not be making any new proposals to settle the dispute about democracy in Hong Kong, Reuter reports from London.

Hong Kong Governor Chris Patten has been in Britain to discuss ways of pushing forward negotiations with Beijing.

This week claim, counter-claim and hoax over the Asil Nadir affair competed with mounting complexity for attention in parliament and the press. **FT reporters** have been getting to grips with the main personalities and outstanding issues

THE BARRISTER

Lawyer denies advising Mates

By John Mason, Law Courts Correspondent

MR ANTHONY Scrivener QC, the barrister who acted for Mr Asil Nadir, yesterday called for an independent inquiry into allegations of attempts to bribe the trial judge. He also called for the attorney-general to publish all correspondence from himself and Mr Michael Mates on the subject.

In his contacts with Sir Nicholas Lyell Mr Scrivener raised the conduct of the Serious Fraud Office in the handling of the allegations.

However, Mr Scrivener distanced himself from Mr Mates and rejected suggestions that he had acted as a personal adviser to the MP in his campaign on behalf of the fugitive businessman.

The barrister refused to go into the detail of his correspondence with Sir Nicholas Lyell, or enlarge on his comments on the SFO, insisting that court orders prevented this.

He insisted, however, that an inquiry had to be held into the unprecedented allegations. "It is not every day that it is alleged your client is conspiring with the judge. I have not known this happen in the history of the judicial system since the time of Henry II."

Mr Scrivener dismissed suggestions that he had acted as the driving force behind Mr Mates's campaign, saying the MP had only checked factual details with him and Mr Scrivener had only agreed to do that with Mr Nadir's approval.

"I am not advising Mr Mates. That is ludicrous. Mr Mates can look after himself." Mr Scrivener said. MPs often made such requests and, provided clients agreed, their questions were answered, he said.

Mr Scrivener also denied any knowledge of the claims made by Mr Mates about the alleged involvement of intelligence services in an attempt to undermine Mr Nadir.

The attorney-general said yesterday no evidence implicating Mr Scrivener in the alleged plot to pervert the course of justice was ever discovered. Writing in a response to a letter from the barrister requesting that his name be cleared, Sir Nicholas said no credible evidence had been produced implicating the judge. "I understand from th DPP's office that the same is true of you."

Mr Scrivener said Mr Nadir could still get a fair trial in Britain. He no longer acted for Mr Nadir and his fees stopped after the businessman's flight.

MAIL INTERCEPTION

Nadir's trustee finds undisclosed assets

By Andrew Jack

THE INTERCEPTION of Mr Asil Nadir's mail revealed that he illegally failed to disclose to his trustee in bankruptcy at least one Luxembourg bank account and a Mercedes car that he owned, it emerged yesterday.

Mr Neil Cooper, Mr Nadir's trustee in bankruptcy from accountants Robson Rhodes, said last night that the court-ratified interception of Mr Nadir's post had allowed him to recover several thousands of pounds which had not been declared by the fugitive businessman.

Mr Cooper said Mr Michael Mates's description of the events surrounding his work was in parts incorrect and not the complete story.

Mr Mates had claimed that Mr Nadir had no access to documents seized by the trustee, and that his post had been intercepted and opened.

Mr Cooper said that Mr Nadir had been allowed access to documents and assets seized from his home and office following a court order in April this year.

He said the court granted him power to redirect Mr Nadir's post, which had resulted in the discovery of further assets. He said redirection powers were not unusual and had been used for more than 100 years.

The action was taken because of Mr Nadir's consistent refusal to co-operate fully with his trustee and other investigators.

In response to questions about the concerns raised over the treatment of Mr Nadir, he said: "People seem to have forgotten that there are so many millions of pounds of creditors [to Mr Nadir and Polly Peck] that are none too happy."

SWAPPING OF INFORMATION

SFO raids based mainly on Exchange material

By Jimmy Burns, Andrew Jack and John Mason

THE SERIOUS Fraud Squad's raids on the offices of Mr Asil Nadir's companies in September 1990 were based on information which the Stock Exchange had gathered over several years, not exclusively from information passed to it by the Inland Revenue.

The Stock Exchange yesterday said it was not its policy to comment on individual cases. However, the information is believed to have related to market manipulation involving a group of Swiss nominee companies which had been under suspicion for several years before they were linked to Mr Nadir.

The Stock Exchange's interest in Mr Nadir's affairs surfaced publicly on August 17 1990. This was when the exchange's quotations panel announced that it had requested advisers to Mr Nadir's Polly Peck International to explain the circumstances surrounding an attempted management buy-out of the company.

It is understood that by this time the exchange's surveillance unit – then called the insider dealing group – had received corroborative information from the Inland Revenue, whose own investigative unit had been looking at Mr Nadir's tax affairs. Stock Exchange officers subsequently met with the SFO and the first of the raids on Mr Nadir's premises was authorised.

The exchange said yesterday that it was long-standing practice for it to pass on information to other agencies such as the SFO if it believed a criminal offence had been committed. "It is not just practice but a statutory duty," the exchange said.

Mr George Staple, the director of the SFO, said yesterday that it had made an informal approach to the Revenue one month after receiving a report from the Stock Exchange, hoping that the "gateways" allowed for the exchange of information between authorities might apply in the Nadir case. The Revenue had rejected the SFO approach, however. It had explained that in this case the passing of information would have been against the rules.

The Revenue stressed yesterday that it could disclose information gathered during its tax investigations to third parties only under "very, very restrictive circumstances".

Although investigators are permitted to provide some details of their work to other authorities it can be only when there is a direct exchange of information on the taxpayer they are scrutinising.

The Revenue said that it would not even permit information on one case to be transferred to another agency in exchange for information on another case.

It said any exchanges of information were "left to the discretion of investigators to decide what is proper", but that these officers were always supervised and anyone overstepping the mark would be "in real trouble".

The restrictions on disclosing confidential taxpayer information are detailed in the 1989 Finance Act and a series of tax management acts. The only statutory guidelines on exchange of information are with Customs and Excise and the Department of Social Security.

THE HOAXER

A novel forger says sorry to Mellor

By Gillian Tett

THE MEDIA furore that has surrounded the Asil Nadir affair took another bizarre twist yesterday when it was revealed that the forged letter which linked the former cabinet ministers Mr David Mellor and Mr Kenneth Baker to Mr Nadir had been written by a novelist living in Torquay.

Mr Trevor Timbs, the author of the letter, now faces questioning by the police.

Following a call from Mr John Major for a full-scale inquiry into the "smear tactics" used over the Nadir affair, Mr Timbs yesterday sent an apology to Mr Mellor in which he said he "deeply regretted" the incident.

The letter, offered for sale last week to the Sun and Daily Mail newspapers, purported to be from Mr Mellor to Mr Nadir, thanking Mr Nadir for donations made to the Conservative Party.

Mr Timbs yesterday said that he had produced the letter on a computer as a joke while he was writing his novel, taking the forged letterhead from a letter that Mr Mellor had written to Mr Timbs a year before.

According to Mr Timbs the letter had been shown to Mr Mic Szeremeta, a former journalist friend, who had faxed it to the newspapers in London. Mr Szeremeta yesterday said that he had believed the letter to be genuine.

Mr John Darby, the solicitor acting for Mr Timbs, confirmed that Mr Timbs met with the Daily Mail and Sun newspapers last Monday, and had been offered money to reveal his sources.

However, he had then told the Sun on Tuesday that the letter had been a fake.

"This letter was never intended for publication. It was faxed on without his knowledge," Mr Darby said.

Mr Mellor yesterday said he was glad that the matter had been cleared up. "I hope this puts an end to this kind of silly dirty trick of which we see too much these days," he said.

THE TAX INVESTIGATOR

Probe involving Allcock continuing, says Yard

By Jimmy Burns

SCOTLAND YARD said yesterday that an inquiry involving Mr Michael Allcock, the suspended Inland Revenue investigator linked to the Nadir affair, was continuing.

Scotland Yard stressed that Mr Allcock had neither been arrested nor charged, although it is understood that his suspension relates to allegations that he had offered foreign subjects working in the UK non-tax status in return for bribes.

Mr Allcock was suspended from his duties as head of the Inland Revenue's Special Office 2 in September last year as a result of what his solicitor Mr Michael Jones said earlier this week were allegations of bribery.

Neither Mr Allcock nor Mr Jones was available for comment yesterday. But in an interview with the Financial Times before publication of the Mates correspondence Mr Jones referred to the "unorthodox methods" pursued by Mr Allcock as part of his job.

Mr Jones explained that the sensitivity of much of the work that his client carried out in the course of his duties meant that he would maintain informal contacts with other agencies including the SFO.

According to Mr Jones the Revenue's Special Office 2 had the task of looking into the tax affairs of "rich and powerful people".

It emerged yesterday that two senior Fraud Squad detectives in charge of Mr Allcock's case are on annual leave. However Mr Jones is understood to be preparing a statement in response to the Mates correspondence.

There is no suggestion that police inquiries into Mr Allcock's affairs are in any way related to Mr Nadir, although Mr Allcock is named in the correspondence exchanged between Mr Mates and Sir Nicholas Lyell, the attorney-general.

The correspondence includes an alleged minute of a meeting on September 21 1990 purportedly attended by Mr Allcock and a colleague from the Inland Revenue in the boardroom of Vizards, Mr Nadir's solicitors at the time. The alleged meeting took place on the day after the SFO raid on South Audley Management. According to the minute the two officers had described the SFO raid as a "monumental disaster."

Yesterday Mr Peter Knight, a solicitor with Vizards who was also alleged to have been present at the meeting, was not available for comment.

The alleged minute referred to one of the Inland Revenue officers present at the meeting as saying that he was extremely concerned about the possibility that Mr Nadir particularly would think that leaks "had originated from the Inland Revenue."

Michael Allcock outside his home in Colchester, Essex

Minister urges two pensions for all

THE GOVERNMENT should be aiming to ensure that "practically everyone" has a second pension on top of the basic state retirement pension scheme, a cabinet minister urged yesterday, David Owen writes.

Mr John Redwood, Welsh secretary, said he expected most pensioners to be enjoying good living standards in 30 to 40 years' time "primarily because they have saved for their retirement during their years of earning".

By helping to bring this about, he suggested, the government would be able to continue uprating the state pension in line with prices rather than earnings. The cost of financing the basic state retirement pension could be contained further by equalising the retirement age for men and women upwards "as people are likely to live longer and have healthier lives".

New curriculum postponed

THE introduction of a new national curriculum for technology in England and Wales has been postponed for a year, after a report by the National Curriculum Council said it needed more time to reduce the overload on pupils and teachers.

Mr John Patten, the education secretary, announced that the curriculum would not now be introduced until September 1995, for children up to the age of 14, and September 1996 for 15 and 16-year-olds.

He also confirmed that there would be no statutory testing of technology for 14-year-olds next summer. The tests held this year were widely boycotted by teachers' unions.

Level of student debt rises rapidly

THE LEVEL of student debt is rising rapidly, with four out of five students ending this academic year in the red, according to a survey by Barclays bank.

The average undergraduate owes £1,672, up almost 22 per cent from the equivalent figure in last year's survey. This year's new graduates expect to owe £1,900, compared with £1,765 for 1992 graduates.

News At Ten plan attacked by MPs

THE National Heritage Select Committee yesterday condemned ITV for its proposals to move News At Ten to an early evening slot in the schedules.

The committee said it "deplored both the proposal to reschedule News At Ten and the evasive and wholly unconvincing manner in which representatives of ITV sought to justify that proposal".

TV company cuts another 188 jobs

ANOTHER 188 jobs are to go at Yorkshire-Tyne Tees Television as part of the restructuring following the merger of the two companies last year.

The cuts, which staff were told of yesterday, affect group employees in London, Leeds and Newcastle.

One-day strike closes dole offices

ABOUT half of unemployment benefit offices were closed yesterday because of a one-day strike in protest at market testing in the Department of Social Security.

The joint action was taken by members of the CPSA union, which represents the majority of typing and secretarial staff, and the NUCPS, whose members include middle and junior managers.

Twyford Down bans extended

A HIGH COURT judge yesterday prolonged injunctions against 55 protesters, banning them from interfering with construction of the M3 extension through Twyford Down near Winchester.

Mr Justice Alliott said he was "determined to put a stop to violence on Twyford Down".

Docks win grant

FALMOUTH DOCKS in Cornwall are to receive a £762,000 European Community grant to aid the first stage of a scheme for a roll-on roll-off facility. The grant is for reclamation of part of the harbour and improvements to the jetties.

Swan Hunter wins deal to complete frigates

By Chris Tighe

SWAN HUNTER, the Tyneside shipbuilder in receivership, will be allowed to complete work on three Type 23 frigates, the Ministry of Defence and receivers Price Waterhouse said yesterday

The contract, which Swans won over bids from other naval shipyards, gives the company work until November 1994 and greatly enhances its prospects of being sold as a going concern.

Announcing the deal, Mr Jonathan Aitken, the defence procurement minister, said it was subject to the maintenance of "satisfactory levels of productivity".

Joint receiver Mr Gordon Horsfield, who finalised the deal with the MoD, said he was hopeful Swans would be sold within weeks. "We are in active discussions with several interested parties," he said.

Mr Horsfield said those who had expressed serious interest in buying Swans were companies with international activities, intending to continue shipbuilding on the Tyne.

He said he was "reasonably optimistic" that shipbuilding on the river would be retained.

Swans went into receivership in mid-May after failing to win a helicopter carrier order from the government. Its survival chances have hinged on completing the outfitting of the frigates, its only substantial current workload.

News of the agreement, which also strengthens Swans' chances of winning a £40m Omani order for two patrol boats, was released just before labour leader Mr John Smith visited the yard. He greeted the deal as welcome but belated.

Mr Smith said the government should take positive action to assure the Oman government that there was no difficulty in providing the bonds necessary to secure the patrol boats order. The government must also push Swans' case for intervention funding with the European Community he said.

"It's vital we save the shipbuilding potential here, not only for industrial reasons but for national security reasons," he said. "It would be a tragedy if it were to close and at some time in the future we had to order a large naval vessel from abroad."

He added: "It's unthinkable that any government could allow that to happen."

Threat of post disruption grows

By Diane Summers, Labour Staff

THE THREAT of London-wide disruption to the postal service drew nearer yesterday as members of the Union of Communication Workers, the main Post Office union, voted to go on strike.

Talks between the union and management of Royal Mail, the letters arm of the Post Office, are due to be held on Monday in an attempt to avert the action. The UCW is protesting over the planned closure of five sorting offices in the capital and the loss of 6,000 jobs over the next three years.

Mr Alan Johnson, UCW general secretary designate, said a strike "will have a devastating effect in London because there will be no deliveries at all in the capital". It could also hit deliveries in other parts of the country, he said.

No dates have yet been set for the industrial action, which would not involve parcel deliveries or the Post Office Counters network.

Mr Johnson said the union was not optimistic about making any progress at the talks on Monday but remained "willing to use any opportunity to negotiate a satisfactory settlement without recourse to industrial action".

The UCW accepts the closure of some of the offices, but wants guarantees that there will be no compulsory redundancies or compulsory transfers to other sorting offices.

Mr Brian Thomson, general manager of Royal Mail's London division, yesterday called the vote to strike "disappointing" and added that the UCW leadership did not have a mandate to take action.

High Court approves new grammar school

By John Authers

APPROVAL FOR the creation of England's first new grammar school for more than 20 years was granted by the High Court yesterday.

Queen Elizabeth's Grammar School in Penrith, Cumbria, will be allowed to apply academic criteria when selecting pupils from September.

However, the judge, Mr Justice Tucker, reprimanded the education secretary, Mr John Patten, for claiming in a press release that the plan had "the clear backing of governors and local communities", and refused to award him legal costs.

It had been strongly opposed by local councillors, the head of the other secondary school in Penrith, and by the heads of several local primary schools. The Department for Education admitted that it had received 70 objections to the proposal – 55 statutory and 15 non-statutory – and only one letter of support.

The judge said: "I have no doubt if this statement had been made in public meetings in Cumbria it would have been treated as derisory."

The department said it regretted publishing the misleading press release, which the judge described as "a most unfortunate document".

Cumbria county council, controlled by Labour with Liberal Democrat support, had challenged Mr Patten's decision on the grounds that he did not take local objections into account.

The judge, however, decided Mr Patten's decision was lawful because he had taken local opposition into account, and so his approval was "procedurally flawless".

Queen Elizabeth's opted to start using academic criteria – which will not involve "11-plus" exams – because it is expanding to take 11-year-olds. Previously children started at 13.

The move means that each year's intake must be smaller. In practice very few applicants, if any, are likely to be denied admission.

The legal decision provoked condemnation from opposition politicians and teachers' unions.

LEGAL NOTICES

In the High Court of Justice No. 004732 of 1993
Chancery Division

IN THE MATTER OF EFG plc
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 27th May 1993 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named company from £6,251,166.80 to £3,130,000 and for the reduction of the Share Premium Account of the said Company by 11,030,166.20.

AND NOTICE IS HEREBY GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice Strand London WC2 2LL on Wednesday the 14th July 1993.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital and Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED the 1st day of July 1993
Slaughter and May
35 Basinghall Street
London EC2V 5DB
Ref: JMDE
Solicitors for the said Company

LEGAL NOTICES

No. 004638 of 1993
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
PIZZAEXPRESS PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 23 June 1993 confirming the reduction of the Share Premium Account by £3,276,593 was registered by the Registrar of Companies on 24 June 1993.

DATED this 30th day of June 1993

Berwin Leighton of Adelaide House, London Bridge, London EC4R 9HA, tel: 071 623 3144, ref: IL/JUTU/P999/5.

Solicitors for the above-named Company

Talks deadlocked over proposed limitation on many solicitors

Advocacy plan rejected

By Robert Rice, Legal Correspondent

MORE THAN two years after the government legislated to end the barristers' 200-year monopoly on advocacy in the higher courts, talks about the terms on which solicitors would gain wider advocacy rights remain deadlocked.

Yesterday the Lord Chancellor's advisory committee rejected the Law Society's latest application for extended advocacy rights on the grounds that additional safeguards are needed before solicitors employed in commerce and industry, government and the Crown Prosecution Service can be allowed in the higher courts.

The committee, chaired by Lord Griffiths, a law lord, has advised Lord Mackay that there are no objections to solicitors in private practice being allowed to appear in the higher courts.

But changes are needed to the 1990 Courts and Legal Services Act before lawyers working for the CPS and the Government Legal Service are given wider audience rights.

The committee said there needed to be a statutory limit on the amount of advocacy work CPS lawyers were allowed to do in the Crown Court. The Law Society's current application would allow the CPS and the GLS to do all their higher court advocacy in-house. The committee said that was unacceptable.

The rejection of the society's application represents another victory for the barristers' lobby. Since the 1990 act came into force they have been fighting a strong rearguard action to prevent both solicitors and barristers in the CPS from having the right to conduct Crown Court trials.

The Bar fears that if the CPS is allowed to prosecute in the Crown Court it will lose an important training ground for barristers, which could threaten the viability of the independent Bar.

The Law Society said yesterday that a division between the rights of employed solicitors and solicitors in private practice was unacceptable and that it would urge the Lord Chancellor to accept its application in its current form.

Mr Mark Sheldon, the society's president, said: "This is a depressing day for the profession and the public. Unrealistic concerns about the CPS are evidently more important to the committee than wider client choice."

MP's bill for right of appeal over bail

DECISIONS by magistrates to grant bail in spite of objections by the prosecution will be subject to appeal under the terms of a private member's bill approved by the Commons yesterday, Ivor Owen writes.

Mr David Maclean, home office minister, envisaged that new powers in the bail amendment bill would be used in rare cases where there was a serious public interest and good reason to suppose that the defendant would abscond.

MPs accepted amendments made by the House of Lords restricting the right to appeal to the director of public prosecutions or other lawyers designated by the home secretary.

Mr Maclean said 10 per cent of the 481,000 people granted bail in 1991 committed further offences before returning to the court.

There was a hard core of offenders, including burglars and car thieves, who did not respect the courts and needed to be taught a lesson.

Tougher law on porn video traders

A PRIVATE member's bill designed to facilitate prosecutions against traders in pornographic video recordings completed its passage through the Commons yesterday.

The video recordings bill, already approved by the Lords, provides for the strengthening of the certification system operated by the British board of film classification.

The freedom and responsibility of the press bill, and the right to know bill, were among more than 50 measures which failed to reach the statute book on the final day allocated to private members' legislation.

Tandem to set up plant in Stirling

TANDEM COMPUTERS, the US computer company that makes systems for large users such as banks, government departments and manufacturers, is to set up a manufacturing operation for its products at Stirling in Scotland. The 134,000 sq ft plant will assemble and test its NonStop computer systems.

The operation will employ 100 people within two years.

Reserves rise

The UK's gold and foreign currency reserves rose an underlying $64m (£42.6m) last month, a slightly smaller rise than in May, when they rose by $78m. The overall level of reserves rose by $168m, taking reserves at the end of June to $41.9bn compared with $41.7bn at the end of May.

Nationwide reports rise in house prices

By Andrew Taylor, Construction Correspondent

HOUSE PRICES rose by 1.6 per cent in June, the largest monthly increase for two years and the fourth consecutive monthly rise this year, Nationwide, Britain's second biggest building society, said yesterday.

Mr Brian Davis, the society's operations director, said, however, that the recovery was "still fragile, with turnover still only slightly above last year's depressed levels".

He said: "The trend in house prices is clearly upwards but increases for 1993 as a whole can still, prudently, only be expected to be modest."

Prices have risen by 3.5 per cent in the first six months of this year according to figures compiled from Nationwide's monthly mortgage sales.

The last time the society reported a monthly increase of more than 1.6 per cent was in May 1991, when prices rose by 2 per cent.

House prices also rallied in the first half 1991 – increases were recorded by Nationwide in January, March, May and June of that year – only to fall sharply in the second half of the year as the recession deepened.

According to Nationwide the average price of a house in May 1991 was £58,908. That compares with an average price of £53,710 at the end of last month – a fall of almost 10 per cent over two years.

The market is not expecting a 1991-style collapse in prices this year. Nonetheless, there have been signs that some of the steam may have gone out of the housing recovery since Easter.

Nationwide estimated that UK house sales had risen by about 5 per cent during the first five months of this year but said that increase was from very depressed levels last year.

Halifax, Britain's biggest building society, reported that prices in May fell by 1.2 per cent after allowing for seasonal variations. Nationwide, which does not make seasonal adjustments to its figures, reported a 1 per cent rise for the same month.

Halifax is due to publish its June price index on Wednesday. It said that figures from both societies, "averaged out" over the previous eight months, would indicate a very similar picture of flat house prices.

Halifax forecast that in the second half of this year prices will show a "more consistent pattern of small rather than large price rises as demand for homes increases."

Lang accused of gerrymandering

By James Buxton, Scottish Correspondent

MR IAN LANG, the Scottish secretary, was accused yesterday of gerrymandering in his plans for reorganising local government in Scotland.

The accusations followed publication by The Scotsman of details of Scotland's new council structure. The newspaper said the new system comprised only 28 single-tier authorities compared with the present two-tier system of nine regions, three island authorities and 53 districts.

The Scottish Office refused to comment on the The Scotsman's revelations, but the 28-council structure is believed to be either the final proposal or a late draft and is in line with recent hints from ministers.

Mr Lang is expected to announce the new structure next week.

As expected, the new local authority plans involve the disappearance of four of the nine regions, including Strathclyde, which contains more than two fifths of Scotland's 5m population. The Lothian, Tayside and Central regions which, like Strathclyde, are all Labour controlled, will also disappear.

Scotland's four cities, Edinburgh, Glasgow, Aberdeen and Dundee, will each become unitary authorities. A total of 25 unitary authorities will be created, while the three island councils will be unchanged.

The Scottish Office has argued that local government needs to be reorganised to make it simpler and more economical. Unlike in England, where e commission is taking evidence before making proposals, the Scottish Office has drawn up its scheme following the publication of a consultation document.

Yesterday Labour, the Liberal Democrats and the Scottish National party accused Mr Lang of creating some authorities with anomalously small populations in order to try to protect existing Conservative councils or to construct new ones. The Tories control only five district councils in Scotland and hold none of the regions.

Labour called the leaked proposals an "act of revenge by a government which consistently puts its own interests first". The Liberal Democrats called the plans "grubby electoral self-interest". The SNP said: "The Tories cannot win control of Scotland at the ballot box so they are resorting instead to redrawing the map."

The new map shows Central region being broken in two, with Conservative-controlled Stirling district becoming a new single-tier council and the two Labour-controlled districts of Clackmannan and Falkirk being linked.

A new council called East Renfrewshire would be created around Glasgow by extending the boundaries of Tory-controlled Eastwood district to include the Conservative-voting area of Barrhead. Mr Allan Stewart, the Scottish local government minister, is MP for Eastwood.

The Scottish Office's proposals also include replacing Lothian region with a new authority in Edinburgh, and merging Labour-run West Lothian and Midlothian into a single council called the Lothians.

Call for more local councils in Wales

By Roland Adburgham, Wales and West Correspondent

THE GOVERNMENT is being urged by Welsh district councils to increase the number of unitary authorities for Wales under its plans for local government reorganisation.

The Welsh Office has set out in a white paper its intention to have 21 new authorities in place by April 1995, replacing the current two-tier structure of eight county and 37 district councils. But the Council of Welsh Districts argues in its interim response to the white paper that the number should be increased to 27 to improve the community basis of the new authorities.

In particular, the council points out that the single unitary authority proposed for Powys would cover a quarter of the land mass of Wales and be twice the area of any other authority.

Overall, the CWD supports the white paper. It believes a single tier of authorities "will dramatically increase the understanding of local government". It says there has been a full and open process of consultation "which compares favourably with the parallel process of the Local Government Commission in England".

The CWD estimates that fewer than 1,000 council workers' posts will disappear under the reorganisation, out of the 150,000 in Welsh local government. It believes the transitional costs of the reform will be paid back in less than five years.

Two regions join EC's poorest

"I SUPPOSE you could say it's a bit ironic in public relations terms," an official at Highlands and Islands Enterprise, the development body, confessed yesterday.

"One minute we're telling people how well our economy is doing, the next minute we're getting special EC aid as one of the poorest areas in Europe."

The EC council of ministers was expected last night to pave the way for the Highlands and Islands, along with Merseyside, to be granted Objective 1 status of eligibility for EC structural funds or aid – putting these areas in the same category as Corsica, parts of Greece, Spain, Portugal, southern Italy and Northern Ireland.

Visitors to the Highlands who sit in traffic jams in Inverness, one of the fastest growing towns in Scotland, or see the trim, double-glazed croft houses along the west coast, will wonder whether the Highlands merit this category.

The population of the Highlands, in decline for more than 150 years, is growing again, partly because people have moved in from England and other parts of Scotland, attracted by the quality of life and the greatly improved roads and telecommunications. Several parts of the Highlands – the Shetland and Orkney islands, Caithness and the Inverness area, do not qualify for UK regional assistance.

"The figures speak for themselves," said HIE, explaining why the area, home for 370,000 people, should receive £250m a year from Brussels over the next six years, compared with the annual £73m it obtained from the European regional development fund between 1988 and 1991.

The figures, preparation of which involved "some clever manipulation", according to a consultant involved in the process, show that gross domestic product per head in the Highlands was just over 75 per cent of the EC average, the threshold for Objective 1 status.

Away from the more prosperous areas are places such as the Western Isles, where the population is still falling and morale is low. The Moray Firth area is suffering because of the rundown of two big oil platform construction yards.

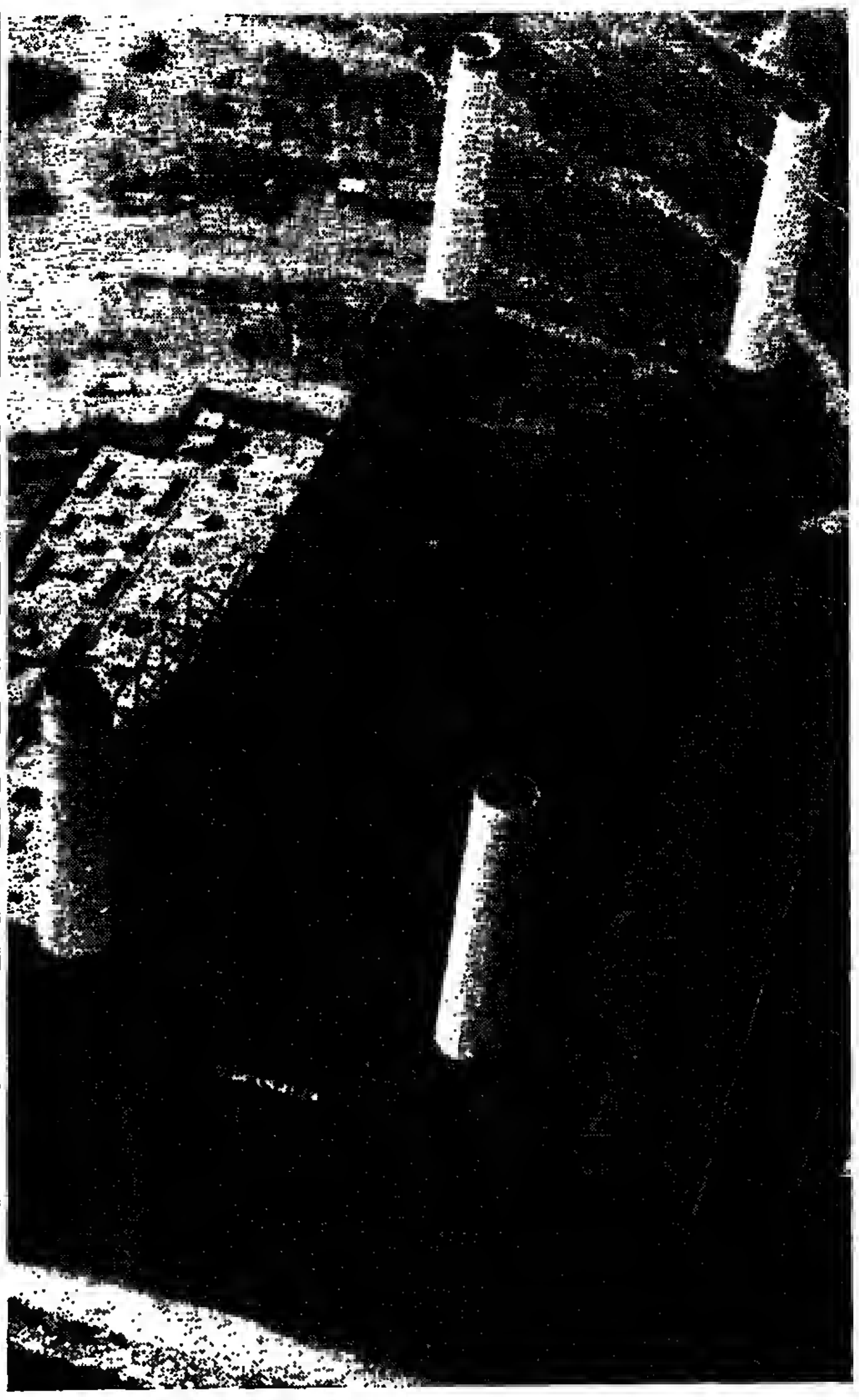
In Caithness the Dounreay nuclear plant is shedding jobs as it heads towards shutdown. Unemployment in the Highlands has increased by 2 percentage points in the past year to reach 10.8 per cent last March.

The new EC cash would be spent on transport facilities, factories and training.

As for Merseyside, which could gain £1bn over six years, its GDP per head was 79 per cent of the EC average for 1988-90, but was falling at a rate of 2 percentage points a year, and was already at 77 per cent at the beginning of 1991. One in four men is jobless.

Projects are expected to include an extension of Wavertree Technology Park and a spur from the M57 and M62 to Speke, near Liverpool Airport.

James Buxton
Ian Hamilton Fazey



The former Battersea power station, with its inside gutted, stands forlorn awaiting the next stage in its redevelopment.

The Hwang family, Hong Kong property developers, earlier this year acquired an option to bid for the power station from banks which had previously financed an ill-fated attempt by Mr John Broome, the property developer and theme-park owner, to develop the 31-acre site.

The site on the Thames in London was collateral for a debt thought to total more than £100m, including interest and penalty fees.

The deal has left the Hwang family studying options for acquiring the site from its owner, Battersea Leisure, whose plans to transform the site ran into financial difficulties.

NHS to employ outside expertise

By Alan Pike, Social Affairs Correspondent

THE PRIVATE sector is to be invited to help the National Health Service develop the role of purchasing authorities under the government's health reforms.

Dr Brian Mawhinney, health minister, said yesterday that he wanted all health authorities to have managers with substantial purchasing experience on their staffs within two years.

Commercial organisations will be asked to share their experience of purchasing at health service conferences and meetings. Health authorities will be expected to recruit purchasing staff from the private sector.

Under the purchaser-provider split of the health service reforms the management of hospitals has been separated from the purchasing functions of district health authorities, family health service authorities and GP fundholders.

Until now most attention has been given to developing the provider side of the restructured NHS – by next April 95 per cent of hospitals will be locally-managed trusts. The government will now concentrate on the purchasers.

Dr Mawhinney will take a personal role in the recruitment of part-time non-executive members of health authority boards when vacancies arise, to ensure that candidates are chosen who can contribute to strengthening purchasing arrangements.

It is the purchasing function that will eventually determine the extent to which the contract-based reforms change the NHS. Until now most contracts have been based on patterns that existed before the reforms came into effect. But purchasing authorities are being encouraged to examine how they spend their resources. This will lead to them shifting contracts to hospitals offering better value, and reconsidering spending priorities.

FINANCIAL TIMES

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Still waiting at the G7 table

BEING A WORLD leader may, at times, be a hazardous and taxing business but it also has its compensations. One such perk, available only to the top seven developed country premiers, is the right to attend the annual meeting of leaders of the group of seven industrialised countries. For G7 summits, while often un-productive in terms of tangible decisions reached, are never short on pomp and circumstance. Next week's gathering in Tokyo is unlikely to be an exception – on either score.

Yet G7 summits cannot be ignored. For the richest seven countries together account for about half the world's income and purchase nearly half of developing country exports. The policy decisions they may or may not make, either individually or collectively, will have a profound influence on economic prospects of the countries beyond their shores. So the rest of world is right to pay attention.

G7 economic growth affects most things. It determines the volume of trade these seven countries conduct with the rest of the developed and developing world and it influences the commodity prices at which much of this trade occurs. It also determines the extent to which populations will tolerate trade flows, or whether they will embrace protectionism.

On growth, the outlook remains bleak, as the Organisation for Economic Co-operation and Development pointed put in its latest half-yearly report. The OECD expects G7 output to grow by a meagre 1.3 per cent this year, down from 1.6 per cent in 1992. G7 import growth is expected to slow to 3.2 per cent from 5.1 per cent last year.

Downside risks

Next year should be better, at least according to the OECD's statistics. G7 growth is expected to accelerate to 2.8 per cent. But the authors of the OECD report are sceptical, not surprisingly after three years of predicting recoveries which have failed to materialise. "A general pick-up of activity across the OECD area is still some way off," they write, pointing to four downside risks to the forecast, all of which have some bearing on the proceedings at next week's summit.

First, those G7 countries which have been eble substantially to cut interest rates – notably the US and Japan – remain dogged by heavy debts and depressed confidenca and may not deliver growth next year of 3 per cent or more upon which the OECD forecast depends.

The Japanese economy, despite feeling the stimulus of a substantial easing of fiscal policy, a royal wedding and now a G7 summit, shows no sign of taking-off. Meanwhile, yesterday's news from the US that manufacturing employment fell by 53,000 last month, and that total employment rose by only 12,000 against expectations of a rise of 129,000, confirms recent indications that the US recovery is faltering again.

Pressure for further Japanese interest rate cuts will certainly be part of the American lobbying for more growth-friendly G7 policies, but for the US the evidence does not suggest that low interest rates are enough.

Interest rates

The second, and more serious, risk is that continental Europe will not even have the chance to discover whether low interest rates will do the trick for them. For, as the OECD points out, European interest rates remain much higher than warranted by domestic economic conditions.

This week's half point cut in the German interest rate floor allowed Europe a little room for manoeuvre, which the increasingly daring Banque de France immediately gobbled up by again pushing its intervention rate below the Bundesbank's discount rate. Yet central bank rivalry aside, neither can claim to be defending anything other than an increasingly vulnerable currency given the depressed states of their respective economies.

What the G7 and the world desperately need is either a decisive German rate cut of at least two percentage points or a political deal to release Europe's economies from Bundesbank control. There is no sign of either.

The third OECD concern is that the beneficial effects on long-term interest rates of fiscal consolidation in the US, Germany, UK and Italy may be offset by the short-term effects on demand. This seems esoteric given the generally paltry scale of these fiscal measures. Tha more important risk is that the cuts in structural budget deficits will come too slowly, if at all, leaving long-term interest rates painfully high and thus cancelling out the beneficial effects of aid from the G7 to the developing world over the next few years.

But the OECD'e final concern is probably the most serious: thet US and European fretting about Japan's trade surplus, combined with slow or no growth, will finally abort the Uruguay round of trade talks and usher in an era of protectionism from which everyone, but particularly the developing world, will lose. If they take steps to avoid this prospect, the G7 leaders can be indulged in their sake drinking and noodle slurping. If they do not, then it will be at Tokyo that the G7 failed the world.

President Clinton outlines his views on trade, world growth, unemployment and the US budget deficit to Jurek Martin

Getting to know all about you

All the usual cliches could apply to Bill Clinton's raid on Tokyo next week with the intent of breathing a little lifa into the 19th summit of the Group of Seven industrialised nations.

But this president of the US is not world weary. Uncrossing his long legs and leaning forward in his arm chair in the Oval Office yesterday morning, he makes, as a less fortunate previous president used, some things perfectly clear.

"The tone, the atmosphere, the ideas that are discussed may be far more important than what comes out of the communiqué," he says. There can and will be no question of a lack of US leadership. "Our job is to lead," he announced with perfect conviction. "I think it is difficult to do this when you've got problems of your own, but there's a tidal wava of global change going on.

"Look at the resources we have. We have innovative workforces; we have great bases of technology; we have an understanding of how the world works economically. I think we have within our power the means to move forward and break out of this problem we're in. But only if you have the courage to keep changing it."

"If nothing else, if we can agree to take an expansive viaw of our future and to take account of our strengths", then the G7 process will continue to serve a purpose.

He was responding to a series of questions from journalists from each of the other G7 nations, of which the FT was the UK newspaper representative. Most of them reflected the general prognostications that the auguries for Tokyo and the US role are, at best, mixed.

It will be his first summit "test of leadership", only his second foreign foray, after the Vancouver session with President Boris Yeltsin of Russia early in April.

Cuts in German interest rates, a Japanese stimulus package and progress in reducing the US budget deficit may be beneficial to world growth, but the overall economic prospect, especially for unemployment, remains gloomy.

For the fourth consecutive annual conclave, political agreement on the Uruguay Round of trade negotiations seems yet again elusive, with this week's French steel-targeted Exocet making Balladur the new seriously dirty word in the upper echelons of the US administration.

Grand American plans for Russian privatisation have been scaled back by other G7 reservations before being presented to Mr Yeltein on Friday. Bosnia remains a source of deep division and heartache, while Japan, in effect without a government pending elections, is currently less amenable to a new approach to bilataral frictions. Another debacle lika last year's summit in Munich could, perhaps even should, mean the end of the G7 process as currently practised.

Still, as the corny joke doing the rounds in Washington goes, "at least Bill Clinton is going to be the only head of government in Tokyo with a popularity rating higher than the prime rate." This may be unfair to Kim Campbell, the new Canadian prime minister, and it disguises the fact that Mr Clinton himself still has, last weekend's raid on Baghdad notwithstanding, the lowest popular approval of any president at this stage of a first term.

But greater expectations still attach to him in Tokyo than to the tired or weak veterans, Messrs Mitterrand, Kohl and Major. As Bob Hormats, the first US "sherpa" put it this week, summits are all about "the US will to lead", and never more than this one.

At 10.45 yesterday morning, in the Oval Office, Mr Clinton seemed unfazed by all this. He was, naturally, running on Clinton Standard Time – an hour late – but he had warmed up earlier by giving a press conference on US military base closures at home and overseas. Earlier in the week this notorious night person had noted that though he rose each morning at 6.00 he could take no responsibility for anything that came out of his mouth before 9.15. His face was ruddy, his suit was grey, his shirt white and he was wearing a cheerful colourful tie from the Save the Children Fund. There were no aides around to correct him or for reference.

This was Mr Clinton at his most eclectic and missionary, with more then a touch of diplomacy. Yes, it was important that the G7 leaders give a decisive push to completion of the Uruguay round of trade negotiations, but he would not be drawn into speculation about the consequences of failure.

The G7, he said, was obviously pivotal on the trade front but there were lots of other nations with a huge stake in the outcome. He implied that the optimal result, from his vantage point, was that the summit should "increase the chances" that the Uruguay round be successfully completed by the end of the year.

He was proud that the US was finally doing its bit to contribute to global growth by cutting its own budget deficit, as, he noted, "every other nation has been demanding of us at every summit for years". But the important recognition was that "we are a global economy".

"The US deficit causes imbalance in the global economy. By bringing down the deficit, and with interest rates coming down, I can get a little bit of growth here by what we do. But in the end this will only work if Japan has growth, if Europe recovers, and if what we do in the G7 is complementary. This is why the G7 can make a difference." The main problem, he said dismissively, is that "we're hung up on getting every little word right in the communiqué".

Policy "wonk" that ha is known to be, he expressed genuine enthusiasm for getting stuck into tha micro-economic and structural problems afflicting all nations, especially over unemployment, citing both Japan's and France's current but different difficulties in creating new jobs. He wanted all this to be studied "informally" in Tokyo and "thoroughly" thereafter. "There should be enough time for serious discussion among the leaders without a lot of bureaucratic rules and regulations."

Though he was far too diplomatic to say so in the presence of a senior Japanese journalist who had flown in from Tokyo for the occasion, other members of his administration, remembering Munich, have said openly that there should be a minimum of photo opportunities and a maximum of talk. Mr Clinton did, however, express interest, his Secret Service permitting, in sneaking off for a quiet meal in some modest Japanese restaurant.

That other capital of gastronomy, France, has profoundly irritated the US this week on the trade front. Pressed on this, Mr Clinton drew some careful and diplomatic distinctions. "If the US was wrong in fact" on the steel-dumping case this was a proper subject for discussion. But there was no question that US law was "clearly Gatt-consistent", contrary to tha allegations of Mr Edouard Balladur, the prime minister. Gatt rules, he noted, "say that every country – including France – can act in its own interest if tha international trading system breaks down".

"If France wants to propose stronger multilateral [enforcement] mechanisms than in the Gatt, I would be happy to consider them."

Mr Clinton was also emollient towards Jepan, at least in the general sense. He viawed – and he hoped the Japanese people shared his view – that the current turmoil in Japanese politics should be seen "with excitement and interest, not with tenuous concern. It is a positive thing for a great democracy." He ventured no speculation as to who would emerge next on top of the Tokyo political heap, but was confident that it posed no threat to ties with the US. "In many, many ways, it is our most significant bilateral relationship and the key to what happens between the US and Asia."

Europe, equally, was to be reassured about the US commitment. Disagreements over Bosnia, Mr Clinton said, had indeed been a headache. Germany agreed with the US on the arming of the Bosnians, but Britain, France and Russia did not. He remained convinced that his approach was right. But this divergence constituted "no reason for the US to give up on Nato or the Atlantic alliance".

The president even carefully avoided an opportunity to criticise the Bundesbank for being too slow in cutting interest rates, though he did praise the latest reduction. "I recognise that all nations which have independent central banks are very sensitive to internal political criticism – and even more so to external political criticism." He merely said the US needed an economically healthy Europe, not least as a market for US goods, and that, as a result, "the condition of the German economy is very critical for all Americans".

He also preferred to cast the cause of aiding Russia more as an example of US leadership than as evidence of disagreement among the leading industrialised powers. "The major crisis of democracy in Russia," he said, "is the big issue we are facing and we have done it very well", through US programmes and now new loans from the International Monetary Fund, approved this week.

Similar confidence was applied to another grand project which, though not on the G7 agenda, found itself in renewed trouble this week, tha North American Free Trade Agreement with Mexico and Canada. He described Wednesday'e legal ruling requiring the US to come up with an environmental impact statement before presenting the agreement for congressional ratification as "narrow". He believed "we can win the appeal within the time limit" (mid-December) and might even be able to address specific environmental concerns within the next few months.

Without Nafta, "it is not easy to articulate tha jobs argument", making attacks on it by the likes of Ross Perot "superficially" appealing. But he had no doubt that the economic benefits to both the US and Mexico would soon become apparent and it would pass Congress, even though he conceded that in the House, but not the Senate, "the voters are not there today". He added; "we must tell Congress the consequences of not passing Nafta – it means more illegal immigration, fewer jobs here, and e much poorer Mexican economy".

As he warmed to his task throughout the interview, you could see why Mr Clinton often runs late. Each question received careful attention and a lengthy considered reply, a harbinger for what is going to take place in Tokyo next week. Only once did he even half-acknowledge thet the G7 might be experiencing a leadership crisis and for that, too, he had an answer.

"I've only been president five months and there are new governments in France, Canada and Italy. A lot of us folks, we don't all know each other."

Bill Clinton: 'We have the means to break out of this problem we're in'

MEN IN THE NEWS: The ITV Bosses

Bongs of Big Ben sound the alarm

Raymond Snoddy on Fiasco at Ten

The normally unflappable senior ITV executive, Mr Andrew Quinn, allowed himself just one pointed comment as he walked through the central lobby at Westminster on Thursday.

"I wonder if any of them have ever been in business?" he asked of the MPs on the national heritage eelect committee who had just given him e grilling.

The session had been called to consider the ITV companies' view on the future of the BBC. At the last moment it was transformed into a prolonged and occasionally bad-tempered interrogation of ITV executives on how they could dare consider moving a British institution – News at Ten – to an early evening slot.

Emotion had already been heightened by the unprecedented intervention of both Mr John Major, the prime minister, and Mr John Smith, Labour leader, who made it clear they opposed such a move.

But the performance that unfolded in Committee Room 15 was still extraordinary. The ITV executives wanted to talk about the business, market and competition background to their proposal and how they were losing out to other channels et 10 o'clock.

Some MPs seemed unaware that the 1990 Broadcasting Act reduced ITV's public service commitments

The MPs on the committea – a majority of them Conservative – wanted to talk about public service broadcasting obligations. If News at Ten perished, the public would no longer see live votes in the House of Commons, and would have to wait until 11pm for late-breaking stories from the US or the evening football results.

"Margaret Thatcher told us not to talk to her about public service broadcasting. We were all told to become market people," said Mr Greg Dyke, chairman of the ITV Association, the umbrella organisation of the ITV network. On Thursday he was still rubbing ayes in disbelief at what he saw as the lack of knowledge of some of the MPs, who seemed unaware that the 1990 Broadcasting Act reduced the public service commitments of ITV.

If parliament wanted News et Ten to stay put, why did it not say so, Mr Dyke asked. The act simply stated that ITV should run high-quality naws "in prima time", defined as between 6.30pm and 10.30pm. The ITV executives were repeatedly questioned by the committee about why they should be trying to make such an apparently radical change just six months into their new 10-year franchises.

"When you start losing market share, you do something about it. You don't wait for fiva years," said Mr Quinn.

ITV makes 70 per cent of its annual £1.6bn revenues in prime time, so there was a commercial imperative to win every time slot in the ratings to maximise revenues, he argued.

The ferocity of the debate over News at Ten has meant a busy and uncomfortable week for some of the movers and shakers of ITV. Mr Michael Green, chairman of Carlton Television, the London weekday company, and also chairman of ITN, was giving private assurances that moving News at Ten had not been his idea, although Carlton Television executives had clearly supported the concept.

As ITN chairman, he iseued a statesmanlike comment on Wednesday, saying: "It is clearly right for the television companies to taka time to allow for a measured consideration of the issues."

Mr Leslie Hill, chairman of Central Telavision, the second-largest ITV company, said of the News at Ten debacle: "We have handled the whole thing very badly. This has obviously hurt ITV." Mr Hill has consistently argued that thera should be fewer, larger ITV companies, and that the rules preventing the nine largest taking each other over should be relaxed.

The fear is that, as Mr Peter Brooke, the national heritage secretary, pointed out, hostility in parliament to the notion of moving Naws at Ten could easily spill over into opposition to relaxing the takeover rules.

Another leading ITV boss, Sir Christopher Bland, chairman of London Weekend Television, wrote rather plaintively to the Daily Telegraph, pointing out thet the British ettachment to ancient regiments, schools clubs and hospitals was legendary. "But to a time?" he inquired. By the middle of the week, Sir Christopher was giving up any hope that changing the time of the evening news could be considered rationally – at least until the dust had settled.

To Mr Gerry Robinson, the softly spoken chief executive of the Granada Group, the episode shows just how difficult it is to reach sensible commercial policy decisions when you are dealing with 15 companies. "It was much more muddle than conspiracy," said Mr Robinson, who believes that a rationalisation of the number of ITV companies is now needed.

The immediate row over News at Ten is likely to fade as ITV chiefs try to distance themselves from the embarrassment. At Monday's meeting of the ITV Council, which brings together the chief executives of the companies, there will be calls for further research and a prolonged period of consideration.

What has been highlighted is the unresolved contradictions and conflicts in the 1990 Broadcasting Act between commercialism and public service broadcasting obligations. This is just the first skirmish. The issue is unlikely to go away as the speed of technical change accelerates and competition increases.

Although ITV is still riding high in the ratings, with an 8 to 10 per cent lead over the BBC, the 15 regional companies face a series of potent threats and uncertainties.

Channel 4, which since the beginning of this year has been selling its airtime competitively against ITV, is estimated to have taken as much as 18.5 per cent of television advertising in some months. Mr Stuart Butterfield, Channel 4 director of marketing and sales, says that some advertisers are now buying national channels such as Channel 4, GMTV, the breakfast station and satellite television first, before going on to negotiate with the ITV companies.

Back in 1989 Mr Dick Emery, now marketing strategy director at ITV, forecast in a speech that, if Channel 4 was allowed to sell its advertising nationally, the impact "would ba dramatic".

As e result of growing competition, ITV could lose 4 per cent of its revenues this year, a serious matter in a largely fixed-cost business. Its costs include: e £540m network programme budget for 1993; an annual £53.6m inflation-linked news supply contract over five years with Independent Television News. In addition, the companies will pay the government £367m this year – the proceeds of competitive tenders for new licences and a slice of advertising revenue. Under the old system, it would have been about £150m.

The Independent Television Commission, the regulatory body, suggested this week that many channels could be created by moving to digital rather than the existing analogue broadcasts. Unless ITV gets its hands on some of those channels, according to Mr Guy Lamming, media analyst at James Capel, the stockbroker, "it will be terminally bad news".

In September, British Sky Broadcasting, the satellite venture, plans to launch a subscription package of 14 channels for £5.99 a month – free to existing subscribers. The consortium, in which Pearson, owner of the Financial Times, has a significant stake, hopes to increase the package to as many as 20 channels. Mr Dyke concedes that by 2000 – certainly by 2005 – cable and satellite could be in most UK homes.

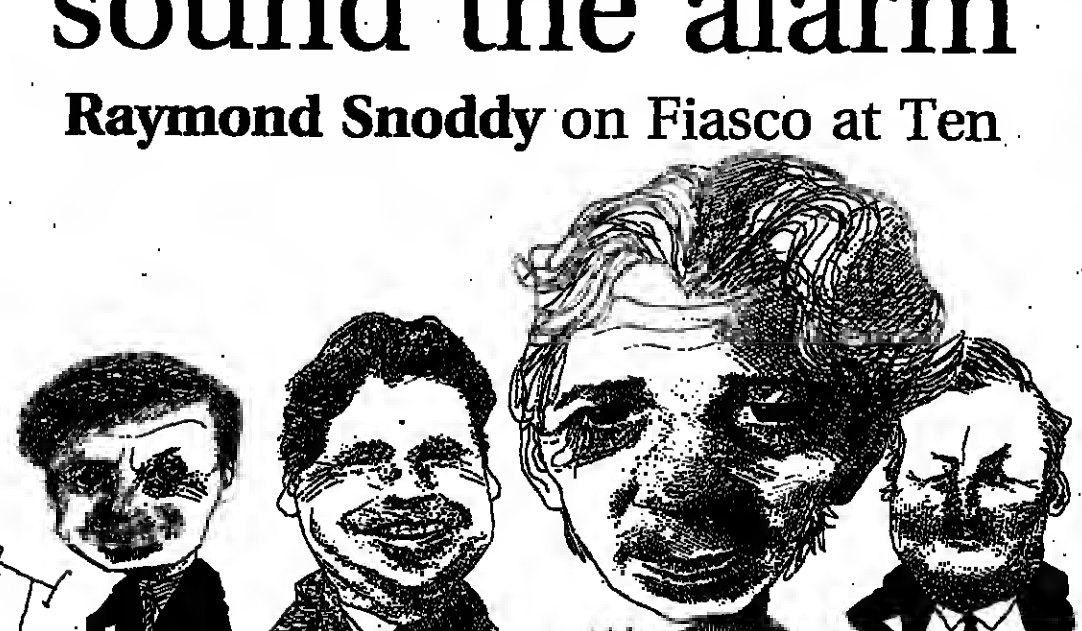
Further uncertainty for ITV appeared this week when Granada paid £67m for a 15 per cent stake in London Weekend Television. This helped to push up the share price of other ITV companies which might be prime takeover targets – Central, Scottish and Anglia. Such companies are now valued on the expectation that the law will be changed to allow takeovers. If it does not, as James Capel says, "their share price could come whizzing down".

The ownership dilemma is compounded by the fact that, from January 1, European Community companies will find it easier to take over an ITV company whether or not the rules are relaxed for the ITV companies. Mr Robinson of Granada believes it inevitable that someone will come into the UK market from the continent.

While ITV has an 8-10 per cent ratings lead over the BBC, the 15 regional companies face some potent threats

If the barriers to ITV companies taking each other over come down, then Mr Green of Carlton and Mr Robinson of Granada are well placed to become the dominant players in tha industry becausa they have the weight of large corporations behind them.

Meanwhile, as the companies press ahead with cost-cutting and streamlining to meet competition, they will do so with the bongs of Big Ben still introducing News at Ten – whatever comedy Channel 4 chooses to schedule against it.



Talking business: (left to right) Gerry Robinson, Leslie Hill, Michael Green and Sir Christopher Bland

Macho managers under fire

Lucy Kellaway examines the toll taken by heavy workloads

James Sullivan leaves his home in Dorking, Surrey, at 7am for his office in the City of London, and returns every night just after 9pm. He is in his early 40s and has three children aged eight, six and two. He fears that if he does not work so hard he will lose his £75,000-a-year job. But if he continues to put the hours in, he may lose his wife and his children.

Like other unhappy and unwilling workaholics, Sullivan is suddenly hot political property. This week Alistair Burt, a junior minister at the Department of Social Security, decried the "outrageous time commitments" that companies demand from their employees. He warned that heavy workloads were helping to push one in two British marriages towards divorce, were making workers unhappy and turning the offspring of wealthy parents into deprived children.

Meanwhile, the tabloid press has taken up the cause of the neglected wives of Britain's bosses. Lady Broackes, wife of the ex-boss of Trafalgar House, and Lady Reid, wife of the chairman of British Rail, were among those who recently unburdened themselves to the Daily Mail, and spoke up about the loneliness of being a tycoon's wife.

Recent research by the Industrial Society shows that British managers work an average of 55 hours a week, in blatant disregard of their contracts, most of which specify between 35 and 40 hours. A Mori poll last year of 200 directors showed that nearly half started work before 8am, and a quarter were still working after 6.30pm. About two-thirds worked at least one weekend in four, and more than half found that they could not take their full holidays.

These habits of macho management are becoming increasingly entrenched. One reason is the recession: those who feel their jobs are at risk are spending more time in the office. The second reason is the "delayering" of organisations: the removal of many layers of managers has left those remaining with more to do. A survey carried out last year for the Institute of Management found that most middle managers had taken on new tasks, and had little choice but to work longer and harder as a result. A manager at IBM admitted this week that, as the company moved to rid itself of thousands of people, remaining managers were working 12-hour days and more.

Professor Charles Handy, visiting professor at London Business School, says: "We have half the number of managers as before, paid twice as much and expected to be three times as productive. It leads to stress."

According to Zelda West-Meades of Relate Marriage Guidance, overwork is a common cause of marriage failure. "There is a lot of arguing at the end of the day when the man gets home. He feels very stressed and has little left to give, and is often too tired to make love."

The problem has been made worse by the fact that some two-thirds of British managers now have a working wife. "In the old model, the woman was at home providing solace and support. Now women are telling men to share their domestic responsibilities," says Cary Cooper, professor of organisational psychology at University of Manchester Institute of Science and Technology.

So how much work is too much? Cooper says that few people can sustain more than a 40-something-hour week. "It is lunacy consistently to work a 60-hour week. These managers are just burning out."

Some managers, rather than burn out, get out. Last month Brian McGowan decided that he had had enough of being chief executive at Williams Holdings, and now the 48-year-old is waiting for fish to bite on the river Test. But not everyone is so lucky: McGowan retired, having amassed enough money to contemplate a life of leisure; for most managers there seems little alternative to the hard grind.

How can excessive working hours be changed? The question is seen as increasingly important, not just in terms of saving the hearts, livers and marriages of male managers. Long hours discriminate against women managers, whose domestic duties may prevent them from working round the clock.

"Men tend to get promoted because they spend longer in the office," says Roger Young, director-general of the Institute of Management. "What we all want is more flexibility in terms of the working week, and when we get it we will see more women in management."

Prof Handy argues that one solution would be to put people in control of their own time. "Instead of buying people's time and ordering them how to use it, companies should put people into groups and set goals for what they should deliver," he argues. Even this might not be the answer to long hours. He admits that people may be their own worst employers, driving themselves as hard as any corporation.

Another answer lies in better use of time. According to the Industrial Society, British managers waste more than 20 per cent of their time in meetings that need not be held, and shuffling paper. They also fly off on business trips, without any clear idea about what they are trying to achieve.

Above all, the problem of overwork will not be solved until company attitudes change. Prof Handy maintains that corporate fashions are led by elites, so that people at the top need to change their ways first. Until recently most of the big corporate successes have been workaholics and proud to admit it.

But there are glimmers of change. Sir John Collins, chief executive of Shell UK, attacks the idea that working long hours necessarily means doing the job well. "The quality of the time is much more important than the quantity. I would much rather see a manager who had visited one offshore platform and had an impact there, than someone who had helicoptered round 10 in a day," he says.

Sir John ridicules the culture whereby people go home, leaving their jackets on the chair to make it look as if they are still there. While others may brag about how hard they work, his boast is that he never works weekends.

Government ministers such as Burt may attack the workaholic culture, yet they themselves score higher than most as absentee parents and spouses. MPs work long and unsociable hours with frequent midnight sittings of parliament; ministers work harder still.

Lord Young describes his hectic day as chairman of Cable and Wireless as leisurely compared with his time running the Department of Trade and Industry. He, like a small number of successful, mostly male, managers, seems to thrive on the long working days, the papers to read at night, the business dinners and the permanent jet lag. But as Cooper points out, the top people are self-selecting, and for each of them there are many hopefuls who have fallen, wounded, by the wayside.

The summer of '93 is shaping up as a big hit for Hollywood, writes **Martin Dickson**

Monster movies

Forgive the inhabitants of Beverly Hills this weekend if they indulge in bouts of self-admiration even greater than normal.

This week has brought evidence that the summer of 1993 could be shaping up as a good one for the US film industry, despite early flops which had some critics writing it off as a "summer of stinkers".

The biggest hit seems certain to be Jurassic Park, directed by Steven Spielberg, of Jaws and ET fame. It has been breaking industry records since it opened.

As every human susceptible to the Hollywood publicity machine must now know, it is a tale of dinosaurs brought back from extinction, which proceed to run amok in a tropical theme park. The stars of the film are the extraordinarily life-like reptiles, created by computer graphics, which provide viewers with an entirely new dimension in cinematic terror.

But the past 10 days have also seen the release to big audiences (but mixed reviews) of two more movies with substantial hit potential: Sleepless in Seattle, a romantic comedy featuring Tom Hanks and Meg Ryan; and The Firm starring Tom Cruise, a thriller about a crooked law firm based on the best-seller by John Grisham.

The summer season is one of the two the most important times of the year for the US movie industry, which releases its most popular films now or at Christmas, when people tend to have more leisure. The three and a half months of summer generate about 40 per cent of annual US box office revenues.

> The upturn will not necessarily put the industry in better financial health, because of the large number of new films

So far this summer US ticket sales are up 7 per cent on 1992, according to Mr John Krier, president of Exhibitor Relations, a film industry consultancy, who reckons that a host of films only now being released will provide a "second wave" of momentum.

"It's going to be a big summer," he says, "probably a record breaker, passing 1989." That summer was the industry's best, with US box office receipts soaring well over $2bn, thanks to such movies as Batman, Lethal Weapon 2, Honey I Shrunk the Kids, and When Harry Met Sally.

If the predictions are right, there will be a much-needed psychological boost to an industry which has seen the volume of US ticket sales edge down in each of the past three calendar years, and is suffering from a decline in the numbers of 13- to 25-year-old Americans – traditionally the most avid movie-goers.

However, the upturn will not necessarily put the industry in better financial health. For the number of films being released this summer is unusually large – about 60, up by a third from last year, which far outstrips any likely improvement in revenues.

One of the biggest winners among the top Hollywood studios appears to be Universal, part of the MCA entertainment group, which is in turn owned by the Japanese electronics company, Matsushita. Universal is behind Jurassic Park, which smashed through $100m in box office receipts just nine days after its release, beating the record of 10 days set by Batman in 1989.

Industry observers reckon the film could challenge Spielberg's own record for the best-selling movie of all-time, set by ET, which grossed $399m in the US between 1983 and 1985. However, allowing for ticket price inflation, Jurassic Park would need to top $650m genuinely to beat ET, and that seems unlikely.

Jurassic Park certainly needs to be a monster hit, for Universal reportedly invested well over $100m in making and then heavily marketing the movie, with an estimated $25m spent on creating the dinosaurs alone.

Columbia, part of Japan's Sony group, is thought to have poured about $100m into the early summer's other hugely promoted film, Last Action Hero, starring Arnold Schwarzenegger, the lantern-jawed muscle man who habitually terminates villains with extreme violence in blockbuster action movies. Schwarzenegger received an up-front fee of $15m.

However, the film has not been a great hit. Observers reckon it may gross only $50m to $60m in the US and will have to rely on overseas sales to recoup its costs.

Unlike a traditional action movie, Last Action Hero aims for a degree of sophistication, gets confused and falls between all sorts of stools. It contains a complex film within the film and numerous gags about classic movies, including a walk-on role for Sir Ian McKellen, playing the figure of Death from Ingmar Bergman's Seventh Seal, let loose in present-day Manhattan.

But Sony, Matsushita's long-time rival, has other potential winners in its hand – and it needs them badly, since its US entertainment industry profits are now playing a big role in offsetting the poor state of the Japanese electronics market.

Its Tri-Star studio is responsible for Sleepless in Seattle, which was directed by Nora Ephron, author of the 1989 hit When Sally Met Harry. And later this month Columbia will release a new Clint Eastwood film, In the Line of Fire, which deals with an attempt to assassinate the US president.

Perhaps more than any other big studio, Paramount needs a string of hits to bolster the lacklustre profits record of its parent, Paramount Communications. It had a strong performer earlier this year with Indecent Proposal, featuring Robert Redford, but then stumbled at the start of the summer with Sliver, starring Sharon Stone, Hollywood's latest sex symbol. Critics panned the film.

Now, however, it may have a blockbuster on its hands with The Firm, which grossed $7.2m on its first night.

Neither Walt Disney nor Warner Brothers, part of the Time Warner media empire, seems to have anything as strong, though Disney's What's Love Got To Do With It – a biography of rock star Tina Turner – is playing well, compensating for the company's flop with the comedy Super Mario Brothers.

But while the summer is young, dinosaurs seem set to rule the film world.

The Insignificant Seven

Peter Norman on what to expect from the G7 summit in Tokyo

It's July and the leaders of the most powerful industrial nations are packing their bags for one of the fixtures of the summer calendar: the Group of Seven economic summit which starts in Tokyo on Wednesday.

With the G7 countries suffering from slow growth or recession, unemployment heading towards 36m in the industrialised world, and protectionist pressures growing by the day, a visitor from another planet might suppose that next week's three-day gathering of leaders from the US, Japan, Germany, France, Britain, Italy and Canada would be of considerable significance.

Sadly, the reverse is likely to be true. The G7 leaders are a sorry bunch. The host, Mr Kiichi Miyazawa, is a lame duck who lost a no confidence vote last month and faces a general election on July 18. All his fellow summiteers are preoccupied with problems at home, and are unpopular.

The same is broadly true of Mr Boris Yeltsin, the Russian president, who joins the seven after the G7 conference ends on Friday, except that he would no doubt happily trade his domestic problems for all those faced by his G7 colleagues. Nor are spirits high in the European Community delegation which will participate in the summit's economic discussions.

The Japanese government will spend an estimated $8m to $10m on the summit and is taking it very seriously, since the G7 is the only multinational grouping in which Japan's leader can shine. Yet its determination to make a good showing raises the following questions:

Who attends?

The G7 leaders, their foreign and finance ministers, and the European Community, represented this year by two Commission vice-presidents and the prime minister of Belgium, which holds the EC's rotating presidency. Mr Yeltsin joins on a "G7 plus one" basis to make clear that Russia is separate from the main group.

This year, there is one notable absentee, Mr Edouard Balladur, the French prime minister, who has probably realised that he has nothing to lose and perhaps much to gain by steering clear of the event. Mr Jacques Delors, the Commission president, will be absent because of illness.

The summiteers will be supported by small armies of officials and the talks will attract about 4,250 reporters out of a total cast of 11,400 media folk.

Why do they bother?

Largely habit. This year's summit will be the 19th since the former French president, Valery Giscard d'Estaing, decided to invite the leaders of the US, West Germany, Japan and Britain for a "fireside chat" in the chateau of Rambouillet in 1975 to discuss economic problems following the first oil price shock.

Since then, the summits have ballooned to include political and foreign issues which form the subject of a political declaration, issued on the penultimate day of the talks. The economic discussions are the basis of a communiqué issued at the meeting's end. Summits are also grandiose media events, although leaders now realise that there are not many votes in televised conspicuous consumption during recession.

There will be a strong "get to know you" flavour about this meeting. It is President Bill Clinton's first G7 summit, while the Italian and Canadian prime ministers have assumed power since his inauguration. France's veteran Socialist president, François Mitterrand, will head a delegation from the centre-right government that took office in March.

Getting to know you: Canada's Kim Campbell (left) and Italy's Carlo Azeglio Ciampi are among the first-time summiteers

What's on the agenda?

The main economic issues are world growth (or the lack of it) and unemployment; trade, focusing on the stalled Uruguay Round of liberalisation talks, and help for Russia.

The political discussions will focus on regional conflicts such as Bosnia and Cambodia, the non-proliferation of nuclear weapons and strengthening the role of the United Nations. The latter two issues concern Japan, which is fearful of North Korea developing nuclear weapons and wants a permanent seat on the UN Security Council.

What can we expect?

Few concrete decisions. In time-honoured fashion, the summit has been preceded by a downgrading of expectations. Following a US initiative, the G7 is trying to reach agreement in Tokyo on an extensive tariff-cutting package to give new impetus to the Uruguay Round talks. But progress on "market access" has been slow in preparatory "Quad" talks (involving the US, EC, Japan and Canada) and hopes are dwindling of a breakthrough when Quad negotiators meet in Tokyo on Tuesday.

The G7 leaders hope to build on the support package agreed by their foreign and finance ministers with the Russians in April. The summit has been preceded by some useful progress: this week the International Monetary Fund approved a $1.5bn loan for Russia from a new "systemic transformation facility". The G7 will probably back a fund to assist Russian privatisation, which the US says could total $2bn. Mr Yeltsin can expect strong political backing, reflecting a G7 wish to involve Russia more closely in managing the problems of the post-cold war world.

But the US's trading partners have rejected as impractical a US plan to set a common 3 per cent growth target for the G7 countries. Germany's interest rate cuts this week will mitigate but not terminate criticism of the Bundesbank's tight monetary policy. Japan will come under pressure, from the US in particular, to expand its economy and open its markets to reduce its huge trade surplus. But despite Mr Miyazawa's recent parliamentary defeat, Japan's government has so far been resolute in resisting what it considers pressure for "managed trade" and in insisting that it can do no more to boost its economy beyond the fiscal stimulus packages of last August and April this year.

Have summits ever achieved anything useful?

Rarely. The law of diminishing returns has been seen operating with a vengeance as summit after summit has vainly tried to give the Uruguay Round a "push". The 1988 Toronto summit agreed to ease the debt burden of the poorest developing countries. The first and last big summit agreement was in 1978 in Bonn when a co-ordinated growth package was agreed. It failed soon afterwards amid recriminations.

Does it matter if Tokyo fails?

It is doubtful whether the Uruguay Round could survive a total failure to make progress in next week's talks. If the summit ends in recrimination, some G7 leaders will call for a radical pruning or even an end to this annual ritual.

Defenders of G7 summitry have always argued that the talks, though often inconclusive, have kept protectionism at bay. If Tokyo lives up to the worst expectations, they will not even be able to say that.

Contracting-out plan is asking too much

From Barry A Reamsbottom.

Sir, The fact that the minister for market testing, William Waldegrave, believes a latter from the prime minister will sort out the dire mess his contracting-out programme is in demonstrates just how out of touch he is with the situation in departments and agencies. ("Major intervenes over market testing delays", June 28).

Next week, my union will be publishing a study based on the detailed analysis of almost 200 current market tests. The report reveals that almost half of them stand little realistic chance of being completed by Mr Waldegrave's September 1993 completion date.

As the second round of tests is due to begin shortly afterwards, we expect that this backlog will effectively mean departments having to undertake more than 500 tests over the next 12 months. Since £10m has already been spent to get less than a dozen contracts in total, the overall cost of this exercisa is likely to be immense.

Apart from not having the resources to carry out contracting out on the scale set by Mr Waldegrave, departments are still in a state of near paralysis over his repeated refusal to say whether the Transfer of Undertakings (Protection of Employment) Regulations will apply to central government work. This has resulted in contractors putting in two bids for each contract on a Tupe and a non-Tupe basis. Our analysis reveals that for every 10 contracts tendered, departments are having to evaluate an average of 200 bids.

Instead of getting the prime minister to write him a wee note, William Waldegrave should admit that he is asking for too much, too soon, and call an immediate moratorium on further market tests. If he does not, the chaos and confusion will only intensify, at great cost to the taxpayer, as well as to the overall detriment of our public services.

Barry A Reamsbottom,
general secretary,
Civil and Public Services Association,
160 Falcon Road, London SW11

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Inquiry needed into pensions policy

From Mr Mike Brown.

Sir, Your editorial, "Second best pensions" (June 30), was accurate in reporting that the National Association of Pension Funds is campaigning for a fundamental national debate on meeting the income needs of the elderly, but was completely wrong in suggesting that this association seeks simply to protect the status quo by claiming that "the answer lies in the current approach to occupational pensions". It is because the present system faces a number of problems that the NAPF feels the need for the debate to go far deeper.

Changing social trends, such as the increase in part-time employment and greater job mobility, must also be reflected in the debate.

The problems with state pensions include the decline in the basic state pension (relative to average earnings), pressure to reduce government expenditure and the impact of demographic changes. The problems facing occupational schemes include the growing burden of complex legislation, particularly in such areas as tax approval and contracting-out, which discourage employers from instituting new pension schemes and extending the membership of existing schemes. The problems facing personal pensions include the heavy initial charges and the all too high proportion of contracts which are confined to the minimum needed to contract out of Serps (state earnings-related pension scheme).

It is clear there is a need for some form of partnership between state and private pensions and both occupational and personal pensions will have a critical role in that partnership.

While the NAPF will itself be consulting a wide range of other interested parties, we hope the debate will lead to an independent inquiry into retirement income policy ultimately resulting in a political consensus. The issues are too important to be determined by partisan interests and too long term to be dominated by short-term political considerations.

Mike Brown,
director of information services,
NAPF,
12-18 Grosvenor Gardens,
London SW1W 0DH

Corporate mission statement is more than redundant

From Mr Stephen Simpson.

Sir, The corporate world has been hoodwinked by the idea of the corporate mission statement (Management: "Men with a mission – more companies are putting corporate values into words", May 10).

Everyone has one – the same one! It goes something like: "To be the best provider of [insert product/service] in the [insert business] industry." Such statements are meaningless: everybody wants to be the best.

Andrew Campbell (Letters, June 29) considers them redundant. I would go further. At best, they are totally useless, at worst they are an insult to everyone's intelligence.

Stephen Simpson,
Ripples,
Palmers Lane,
Burghfield Common,
Reading,
Berks RG7 3DU

A waste – but what type?

From Mr Errol Mason.

Sir, June 30 saw the last of the old 10p coin or florin as legal tender. Large stocks of these now-surplus coins are to be recycled usefully at the Royal Mint at Llantrisant.

It would greatly assist the traditional metal recycling industry, regulators, law makers of the UK and EC and Greenpeace et al to identify the precise point of the coins' metamorphic change.

Presumably July 1 saw an overnight transformation of one's pocket contents to become: controlled waste under the Environmental Protection Act 1990; or secondary raw material or product to be melted by the Royal Mint and others; or hazardous waste whose movement is subject to trans-frontier waste controls or total restriction recommended by Greenpeace; or heavy metal and therefore toxic, on the basis of copper and nickel content.

Clear direction to confused industries and regulators is required to promote investment and encouragement of basic recycling operations. The common sense acquired to see that "two bob" is "two bob" must not be thrown away through lack of knowledge of what made "two bob" worth something to begin with.

Errol Mason,
chairman,
environment committee,
British Secondary Metals Association,
26 Park Road,
Runcorn, Cheshire WA7 4SS

A decision for the individual

From Mr Ralph Stewart.

Sir, As an employee and union member I was obliged to pay the political levy to the Labour Party until the opt-out clause came into being. Now, as a shareholder, I am forced to support the Tories through donations from shareholder funds. It should be left to individuals to decide to whom and by how much they wish to support any political party.

Ralph Stewart,
55E Mill Street,
Ayr KA7 1TH

Charge for withdrawing from appliance retailing holds back advance

London Electric static at £145m

By David Lascelles, Resources Editor

A CHARGE of £20m for withdrawing from the electricity appliance retailing business left London Electricity, the capital's main electricity distributor, with only a small profit increase in the year ending March 31.

The company, however, raised its total dividend for the year by 16 per cent to 19.5p,compared with 16.8p, putting it among the leaders in the regional electricity companies' dividend race.

Pre-tax profits for the group were £145.5m, up £3m on the year before and were also after lower interest payable of £4.3m (£11.2m). Earnings per share were shown up from 47.5p to 49.5p.

The £20m exceptional charge related to the decision last March to sell or close down the group's 96 retail units because of accumulated losses.

Mr John Wilson, the chairman, said it had been a year of "considerable change and progress".

He cited the sharp improvement in the contracting business, which had transformed a £17m loss into a small profit, and the £90m acquisition of BAA's electricity distribution networks at Heathrow, Gatwick and Stansted.

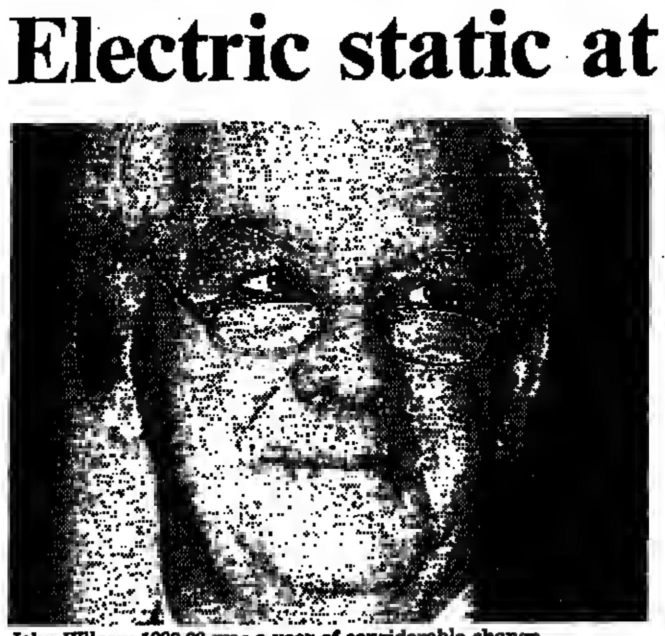
He said the company "had cleared the decks" and it was time to signal confidence through a strong increase in the dividend.

The rise in the pay-out, the second highest in the current electricity results season, followed a lag in dividend growth relative to earnings growth in the two years since privatisation, and "you can't dissociate yourself from what's happening around you", according to Mr Wilson.

Costs had also been reduced through higher productivity, manpower reductions, lower bad debts and a pension surplus. Real cost savings amounted to 6.6 per cent.

London Electricity is passing some of the benefit on to customers through a 2 per cent tariff reduction in April and a £7.50 rebate next autumn.

Mr Roger Urwin, the chief executive, said that London's future strategy would be to diversify into areas close to the core business, utilising the company's skills and its strong financial position.



John Wilson: 1992-93 was a year of considerable change

● **COMMENT**

Clearing the decks is the word for it. London has now sorted out its non-core business, and though the price was high, that is more than can be said for a lot of other RECs. Meanwhile, the BAA deal shows promise, and lies close to London's skills and operating area. Another healthy sign was the reduction in gearing despite the acquisition. The strong dividend growth was basically a catch-up after two years of slow growth, though it leaves the level of cover at the low end in the sector. The shares rose 10p to 476p in a strong market. Warburg Securities has London on a prospective yield of 5.8 per cent, which is above the sector average, and probably generous given that the clean-out has now been accomplished.

RMC in Belgian joint venture

By Andrew Taylor, Construction Correspondent

RMC, the world's biggest concrete producer, is to merge part of its German operations in a joint venture with Lhoist of Belgium, one of the world's biggest lime producers.

The UK concrete company said that the 63 per cent owned Rheinisch-Westfalische Kalkwerke (RWK), which produces lime and limestone for the iron, steel, chemicals and building industries, accounted for less than 10 per cent of its German operations.

The business is being merged with French and Czech operations of Lhoist in a new Belgian-based joint venture called Chaufourneries de Hergenrath, which will be jointly owned by RMC and Lhoist.

Mr Derek Jenkins, RMC's finance director, said that the proportion of RWK's lime sales to iron and steel producers had fallen from about 50 per cent to 40 per cent as the industry had retrenched.

He said that "given the decline in the steel industry it was felt this business would do better in joint venture with Lhoist".

RWK, which is being transferred at its book value of £90m, generated pre-tax profits of £12m for 1992. Lhoist is transferring assets and earnings of a similar value, said Mr Jenkins. There would be a small cash payment to Lhoist to cover the difference between the two group's contributions. Mr Jenkins said it was expected that the merger would have little impact on RMC's profit this year.

The joint venture will have the capacity to produce 3.3m tonnes of lime a year.

Heavy provisions leave Bredero with net liabilities

By Vanessa Houlder, Property Correspondent

SWINGEING provisions against a Hammersmith office development have pushed Bredero Properties, the development company that is 49 per cent owned by Slough Estates, into a 1992 pre-tax loss of £106.4m.

The loss, which compares with a 1991 loss of £4.5m, means that the company now has net liabilities of £24.6m, compared with net assets of £82m at the end of 1991. Net liabilities per share were 94p (net assets of 196p).

The figures have been prepared on a going concern basis.

The dividend is again passed and there is no payment on the preference shares for the last six months of 1992.

The company is still negotiating a restructuring of its £110.6m of debt with its banks, led by Barclays. It has reached an agreement in principle for the refinancing of its Centre West project in Hammersmith, which is financed by a syndicate of 12 banks.

"A successful conclusion to this refinancing would significantly improve the underlying financial position of the Group and restore shareholders' funds to a positive position," the company said. Slough Estates has given a guarantee to London Transport to complete the Centre West scheme if Bredero is unable to do so.

Centre West, a 225,000 sq ft office and retail development of which 80,000 sq ft has been sold to Coca-Cola for £30m, accounted for £77.68m of the £105.07m of exceptional charges. Part of this relates to an agreement to take over responsibility for a 15-year lease on Coca-Cola's former offices.

Exceptionals also included a £21.5m provision against the carrying value of other assets, principally development sites, a £3.88m loss on the disposal of the Bon Accord Centre and a £2m provision for refinancing costs.

The announcement pushed Bredero's share price down from 12p to 7½p.

The company incurred a loss before exceptional items of £1.37m, against a profit £2.02m. Turnover was £70.8m (£53.3m) and losses per share worked through at 292.7p (13.1p).

Clayform seeks £27m in order to repair the balance sheet

By Vanessa Houlder, Property Correspondent

CLAYFORM Properties, which recently appointed Mr Martin Landau, a property entrepreneur, to its board, yesterday announced a £27.1m placing and open offer to repair its balance sheet.

The company is changing its name to Development Securities to reflect "a new phase in the development of the group focused on expanding its investment and development property portfolio".

The placing is unusual in that the new shares, which are priced at 35p per share, will be issued at a premium to its net asset value, which stands at 30p per share.

The share price rose yesterday from 35p to 40p, reflecting investors' willingness to back Mr Landau who until 1990 was the deputy chairman of Imry, a property company now owned by Barclays. The shares have risen from 11p per share since June 11 when Clayform announced the appointment of Mr Landau.

Clayform is issuing 80.3m shares on a 2-for-1 basis. The new shares have been conditionally placed by Flemings, subject to clawback by qualifying holders under the open offer.

In addition to taking up his entitlement of 2m shares, Mr Landau has agreed to purchase up to 3.13m additional shares, depending on the take-up under the open offer. He currently holds a 3 per cent stake in the company.

About £6m of the money raised will repay existing banking facilities and £21.1m will initially be put on deposit. The injection of new capital has allowed directors to renegotiate the group's main banking facilities.

Templeton net assets rise by 19.4%

By Philip Coggan, Personal Finance Editor

Templeton Emerging Markets Investment Trust recorded a 19.4 per cent increase in fully diluted net asset value per share over the year to April 30.

The trust, which invests in the stock markets of developing countries in areas such as Latin America and south east Asia, is the largest in its sector.

Net assets per share at the end of April were 247.3p (207.2p) and had increased to 259.8p by the end of May. Pre-tax profits for the year were £2.71m (£1.23m) and fully diluted earnings per share were 2.1p (2.17p).

The dividend is being cut from 1.8p to 1.7p and the company says it continues to focus on capital growth.

London Pride boosts Fuller Smith to £8.3m

PROFITS OF Fuller Smith & Turner, the USM-quoted Chiswick-based brewer, improved from £7.8m to £8.26m pre-tax for the 53 weeks ended April 3.

The 6 per cent advance was scored on the back of a 7 per cent rise in sales to £81.88m.

Earnings per share dipped to 23.33p (25.18p) because of a one-off deferred tax credit of £877,000 last year. Without that adjustment earnings would have shown a 10 per cent increase.

A proposed final dividend of 5p makes a 7.4p (6.71p) total.

Managed house beer volumes were up 3 per cent but profits were marginally down partly because of start-up costs of several new pubs. The tenanted pubs "struggled" and barrelage was down 4 per cent over the year.

The hotels side was not expected to do well and profits from the division were down by 26 per cent. However, the hotels were still profitable although increasing competition in the Heathrow area continued to depress room rates.

The downside in these activities was more than matched by a 33 per cent increase in free trade beer volumes and 23 per cent in the wholesaling side. In particular, sales of the premium brand, draught London Pride, were ahead by 26 per cent.

Exports now total 5.5 per cent of production. A 53 per cent rise in sales mostly came from the US but recent months have seen contracts in the Gulf, Hong Kong and Scandinavia.

The directors said the Chancellor had failed to "harmonise excise duty following the advent of the single market, with the result that 10 per cent of all beer consumed at home is coming from France."

Lazard Invest launches high income trust

By Philip Coggan, Personal Finance Editor

Lazard Investors is launching a high income investment trust, which will invest in convertible preference shares and convertible bonds.

The Lazard High Income Trust is a revamped version of Grahams Rintoul's High Income trust, which was scheduled to be launched in March.

The proposed gross yield on the trust has fallen from 8.5 to 8 per cent since March, mainly because of the Budget change which reduced the tax credit on dividends. The trust has dropped earlier plans for gearing via the issue of zero dividend preference shares.

The trust will pay quarterly dividends and will have a six year life, with no further share issues intended. The minimum investment will be £1,000.

Fisons sells Australian arm

Fisons, the healthcare and scientific instruments group, has agreed to sell its Australian consumer health business to Warner-Lambert for A$34m (£15m) in cash.

For 1992 the Australian business incurred an operating loss of $150,000 on sales of $13.4m.

Audioline buys Southwestern arm

By Paul Taylor

AUDIOLINE, the privately-owned consumer electronics group run by Mr Harry Moss, has acquired Southwestern Bell Telecom's UK telecommunications business for an undisclosed sum.

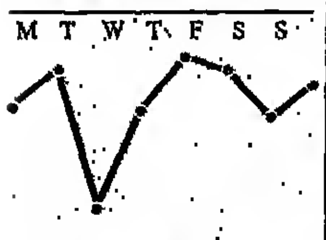
Southwestern, one of the Bell regional telephone companies in the US, began marketing its products in the UK in 1987 and has built up branded equipment sales of about £15m a year.

Under licensing agreements Audioline will continue to use the BELL symbol and the Southwestern Bell Telecom and Southwestern Bell Freedom Phone brand names in marketing cordless and corded telephones, answering machines and payphones.

"The acquisition is complementary to our current business," said Mr Moss. "It enables us to expand product lines as well as enter new areas such as cordless phones and payphones where SBT had a strong market presence."

Audioline, which has annual sales approaching £40m claims to be the second largest telephone equipment supplier in the UK.

Southwestern will focus on its growing UK cable television and telecommunications interests. It has 55,000 cable television customers.



ECONOMIC DIARY

TODAY: Economic Cooperation Organisation, comprising Iran, Pakistan and Turkey as well as several ex-Soviet Moslem republics, holds its summit in Istanbul until Monday.

SUNDAY: South African President F.W. de Klerk and African National Congress leader Nelson Mandela receive 1993 Philadelphia Liberty Medal. U.S. President Clinton to participate in presentation in Philadelphia, Pennsylvania.

MONDAY: Trial in Sofia of four labour camp guards accused of killing 14 people in Bulgaria's version of the soviet Gulag network. Caribbean Community holds annual heads of government meeting in Nassau, Bahamas (until July 6). Transport and General Workers' Union delegate conference (to Fri). News conference to launch report from National Consumer Council on what young people in care think of the care system. UK credit business, UK M0 money supply, UK housing starts. German trade figures.

TUESDAY: Drawing of Holy Family by Michelangelo, unseen in public since 1936, to be auctioned at Christie's in London. Expected to fetch several million pounds. News conference on United Nations State of World, London. US housing completions. US car sales. French M3 money supply. US Fed open market committee meeting.

WEDNESDAY: Group of Seven (G-7) summit (until July 9) in Tokyo. US wholesale trade.

THURSDAY: Training and Enterprise Councils conference in Birmingham. US consumer credit. US jobless claims.

FRIDAY: Romania's governing Democratic National Salvation Front party, which backs President Ion Iliescu, holds national conference (until July 11) in Bucharest amid speculation that it may split and change its name. Foreign ministers of Venezuela, Mexico and Colombia meet in Caracas to prepare Group of Rio meeting. Church of England General Synod (to July 13) in York. Canadian housing starts. Canadian unemployment.

LIFFE EQUITY OPTIONS

Option		CALLS Jul	Oct	Jan	PUTS Jul	Oct	Jan
Allied-Lyons	500	36	52	60	3	12	18½
(*529)	550	5	23	33	25½	36	43½
Argyll	300	22½	33½	38½	3½	11	16
(*316)	330	8½	17	24	16	25½	31½
ASDA	67	2	6½	-	3½	7	-
(*65)	76	½	3	-	11	12½	-
Brit Airways	287	26	38	42½	3	9	16
(*308)	316	7	20	28	16	22	28
SmKl Bchm A	420	18	33½	44	10½	23½	39½
(*424)	460	4	16½	27	36	47½	54
Boots	420	21	37	44	6	15	23
(*433)	460	3	17	24	30½	38	45
BP	280	18½	27	32½	3	6	14
(*296)	300	7	18	22	11	18½	22½
British Steel	80	9½	13½	16½	1½	4½	8½
(*89)	90	3½	8	12	6	8	11
Bass	460	27	44	50	4	12	24
(*481)	500	8½	22	29	26	32	35½
Cable & Wire	750	34	50	64	11½	28	34½
(*775)	800	7½	28	42½	42½	53	62
Courtaulds	500	58	70½	78	1½	8	16
(*549)	550	15	36	51	13½	22	39½
Comm Union	600	3	18½	-	48	53	-
(*615)	650	1	6½	-	98	98	-
GKN	620	37	43½	-	2½	12	-
(*650)	660	5	20	28½	18	31	-
ICI	633	21	36	53½	13	32	39
(*638)	657	11	25	42	26	40½	52½
Kingfisher	550	1	2	-	129	129	-
(*598)	600	3	10½	-	46	56	-
Land Secur	550	39½	52½	56½	2	8	17
(*583)	600	8	22½	27½	31	29½	39
Marks & S	330	22	33	39	2½	5	13
(*348)	360	4½	15	22	16	21	28
NatWest	460	22	40	52½	5	12	20½
(*464)	500	8½	19½	32	23½	30	43½
Sainsbury	460	17	32½	42	8	17½	24
(*466)	500	3	14	23½	28	41½	48½
Shell Trans.	600	21½	33	44	7	21	27
(*612)	650	2	11	22	38	50	55
Storehouse	180	21½	27½	32	1½	4½	9
(*199)	200	6½	16	20½	7	14	18
Trafalgar	101	7½	14½	-	3	8½	-
(*105)	115	4	9½	13½	7½	11½	16
Unilever	1000	28	60½	78	13½	22	38
(*1010)	1050	8½	33	59	46	59	67½
Zeneca	600	34	46	62½	9½	25	33
(*624)	650	7½	23½	38	31	54	61
Option		Jul	Oct	Feb	Jul	Oct	Feb
Grand Met	420	15	28	38½	11½	31½	32
(*425)	460	2	14	24½	41	47	50
Ladbroke	180	13½	22½	28½	3½	13	15½
(*189)	200	3½	4½	18½	14½	25	25½
Utd Biscuits	360	32½	46	54½	4	12½	21
(*386)	390	13	29½	38½	15½	25½	36
Option		Jul	Oct	Dec	Jul	Oct	Dec
Fisons	160	21½	30	33½	2½	5½	13½
(*177)	180	5	18½	23½	9	18	23½

Option		CALLS Aug	Nov	Feb	PUTS Aug	Nov	Feb
Brit Aero	360	37½	55	67	11	27	35
(*382)	390	20	40½	52½	28½	43	50½
BAT Inds	400	28	38	47	5½	17½	22
(*419)	425	13	23½	32½	16½	30½	34½
BTR	360	15	23½	30	8½	15	18
(*366)	390	3	8½	16½	28	32½	36½
Brit Telecom	390	34	37½	41	3½	12	17½
(*417)	420	13	22½	25	12½	25½	32
Cadbury Sch	460	17	31½	41½	13	24½	28½
(*461)	500	3½	15	24	41	48½	52
Eastern Elec	460	37½	43	49½	6	14½	21
(*494)	500	9½	23½	29½	28	35½	41½
Guinness	460	22	41½	53	9	21	28
(*471)	500	7	22½	33	41½	43	49
GEC	330	7	17	21	12½	17	21½
(*332)	360	1½	7	11½	38	38	40½
Hanson	220	16	18	20	8	19	14½
(*224)	240	2½	7½	11½	18	23	26
Lasmo	140	18½	28	31½	3	8½	12
(*158)	160	7	15	21	11	17	22
Lucas Inds	140	8	15	19	7	14	16½
(*141)	160	2½	7½	11½	22	27	29½
P & O	600	29½	46½	56½	13	34½	44
(*614)	650	7½	22½	30½	45	60	73½
Pilkington	120	16½	15½	17	3½	7½	12
(*125)	130	5	11	13½	8½	13	17
Prudential	330	15	29	32	7½	17	21
(*334)	360	3	12	18½	28	35	38
RTZ	650	38	62½	83½	8½	27½	33½
(*675)	700	12½	35½	58½	34	47	59
Redland	460	24½	48	48½	12½	30	35
(*469)	500	7	22½	31	38	53½	59½
Royal Insce	288	30	38	47	3	9	13½
(*312)	317	18½	22	31	13½	32	20½
Scot & New	460	14	24	-	15	27	-
(*461)	500	2½	10½	-	53	68½	-
Tesco	200	17	24	20	3½	16	12
(*211)	220	6½	14	18	14	21	26
Vodafone	420	33½	50½	58	7	17½	22
(*441)	460	11½	29	22	27	37	45
Williams	300	27	33½	46	3½	12	15
(*320)	330	8½	17	34½	16½	28	31½
Option		Aug	Nov	Mar	Aug	Nov	Mar
BAA	700	37	57½	64	8½	19	26½
(*723)	750	10½	31	38	34½	44	51½
Thames Wtr	460	23½	35	30	8½	17½	21
(*472)	500	8½	16	19½	31	30½	43
Option		Sep	Dec	Mar	Sep	Dec	Mar
Abbey Natl	390	28	43	58	10½	15	21½
(*411)	420	18½	28½	34	28	30	38
Amstrad	30	8	6½	7	2	3	3½
(*32)	38	2½	4	5	4½	8	8
Barclays	460	35½	48	57	13½	18	24½
(*481)	500	14½	28½	39	34½	41½	46½
Blue Circle	240	10½	20½	31	10½	17½	23
(*245)	260	8	18	22	22	29½	32
British Gas	280	22	28	31	9½	12	14
(*294)	300	11	16½	21	13½	22½	24½
Dixons	200	18½	28½	30½	6½	14	12
(*211)	220	8½	17	22	29	25	28½

Option		CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
Eurotunnel	390	42	63	-	19	31	-
(*412)	420	29½	48½	-	34	47½	-
Glaxo	500	64	73	84½	8½	23	32
(*546)	550	31½	44½	58½	28	47	56½
Hillsdown	140	15½	20½	23½	6½	12	13½
(*146)	160	6	11	15	18½	24	25½
Lonrho	120	11½	17½	22	9	13	16
(*123)	130	7	13	16	15½	18½	22
HSBC 75p shs	650	42	61½	81	31	43½	61½
(*656)	700	18½	38½	59	61	71½	89½
Natl Power	360	24½	38	40½	9	15	18½
(*371)	390	9½	29½	28	25	29½	34½
Reuters	1400	67½	114	140	52	83	112
(*1413)	1450	43	88	114	78	107	120
Rolls-Royce	140	14	19½	21	7½	13½	12
(*144)	160	6½	11	13	28	26½	29½
Scot Power	315	16	22	-	10½	15	-
(*318)	330	6½	12½	16½	24	26½	30
Sears	90	11	12	14½	2	4	4½
(*98)	100	4½	7½	9½	5½	8½	8½
Forte	220	21½	28	34½	8½	18½	19
(*229)	240	11½	19	22	19	28½	29½
Tarmac	130	14	18	22	7	12	15
(*134)	140	8½	13½	17	12½	18	21
Thorn EMI	900	31	48½	59½	41	47½	60
(*908)	950	12½	28½	38	74½	78½	88½
TSB	180	17	32½	26½	8½	9½	14½
(*191)	200	6½	12½	16½	18	21	25½
Tomkins	220	15	22½	27	9	13½	17½
(*228)	240	7	14	18	22½	25½	28
Vaal Reefs	70	18	20	-	7	11	-
(*78)	80	11	16	-	12	16	-
Wellcome	600	70	88	99½	13	29	35½
(*649)	650	39	69½	71½	32½	52	60

EURO FT-SE INDEX (*2857)

	2675	2725	2775	2825	2875	2925	2975	3025
CALLS								
Jul	175	128	79	49	16	4	1½	1
Aug	188	143	103	67	42	23	11	8
Sep	198	157	120	87	60	38	23	13
Dec	-	225	-	155	-	100	-	60
Mar †	-	-	-	-	-	145	-	105
Jun †	-	-	-	-	-	160	-	-
PUTS								
Jul	1½	3	7	18	45	83	130	180
Aug	8	18	23	46	65	96	135	176
Sep	16	24	35	52	75	105	140	186
Dec	-	45	-	75	-	120	-	178
Mar †	-	-	-	110	-	145	-	-
Jun †	-	90	-	125	-	168	-	215

FT-SE INDEX (*2857)

	2650	2700	2750	2800	2850	2900	2950	3000
CALLS								
Jul	208	158	115	61	27	5	3	1
Aug	212	165	123	86	56	34	18	9
Sep	222	178	139	104	74	52	32	19
Oct	-	-	-	-	-	69	-	41
Dec †	-	-	-	-	-	113	-	70
PUTS								
Jul	1	2	4	11	29	62	110	160
Aug	6	15	19	29	51	80	118	150
Sep	12	18	22	45	67	94	127	166
Oct	-	-	39	47	-	82	169	-
Dec †	-	45	-	68	-	112	-	172

July 2 Total Contracts 51,694
Calls 27,079 Puts 24,615
FT-SE Index Calls 8,694 Puts 5,071
Euro FT-SE Calls 2,374 Puts 1,659
*Underlying security price. †Long dated expiry mths. Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	36	HSBC (75p shs)	39	Ratners	3	Brit Land	7
Allied-Lyons	50	Charter Cons.	52	Hanson	20	Reed Intl	52	Land Sec.	40
Amstrad	3½	Comm Union	52	ICI	75	Sears	9	MEPC	30
Astec (BSR)	3½	Courtaulds	48	Ladbroke	15	SmKl Bchm A	40	■ OILS	
BAT Inds	75	Eurotunnel	30	Legal & Gen	38	TI	28	Arcon Intl.	6
BOC	56	FKI	12	Lex Service	19	TSB	12	Aviva Pet	5
BT	26	FNFC	7	Lloyds Bank	45	Tesco	20	BP	21
BTR	41	Forte	14	Lonrho	7	Thorn EMI	70	Burmah Castrol	60
Barclays	30	GKN	40	Lucas Inds	13	Tomkins	22	Premier Cons	3
Blue Circle	22	Gen Accident	31	Marks Spencer	26	T & N	15	Shell	36
Boots	42	GEC	22	NatWest Bank	30	Unilever	72	■ MINES	
Bowater	40	Glaxo	55	P & O Dfd	40	Vickers	8	RTZ	52
Brit Aerospace	24	Grand Met	40	Racal Elect	12	Wellcome	75		
British Steel	9	GRE	15	Rank Org	53	■ PROPERTY			

FT FIXED INTEREST INDICES

	July 2	July 1	June 30	June 29	June 28	Year ago	*High	*Low
Govt Secs (UK)	97.39	97.43	97.22	97.13	97.20	88.75	98.04	93.28
Fixed Interest	115.48	115.42	115.24	115.14	114.83	108.26	115.48	108.67

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation:115.48 (2/7/93) , low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
July 1	123.6	108.7
June 30	119.5	108.9
June 29	103.8	104.0
June 28	98.1	104.2
June 25	98.6	105.7

* SE activity indices rebased 1974

COMMODITIES

WEEK IN THE MARKETS

Gold price reaches 2½-year high

THE GOLD market bulls were in full cry at the end of this week as an accumulation of constructive signals prompted a surge in the London bullion market price to a 2½-year high.

Only ten days ago speculators had been testing the bottom end of the recent trading range at about $366 a troy ounce. But when support at that level held they were quick to change tack. The resulting rally was interrupted briefly on Monday by a modest bout of technically-inspired selling. But the price fall was made up the next day in a prelude to an accelerating rise that culminated in yesterday's $6.50 advance to $390 an ounce, up $13.55 on the week.

Investors seemed to be interested only in bullish developments, such as European interest rate cuts, signs of a quickening in US inflation and an announcement by international financier Sir James Goldsmith that he planned to swap gold mine shares for gold bullion. Professional traders took a more sceptical view of Sir James' announcement, however, expressing disbelief that a professional speculator would make such a revelation before the deal was completed. "He has either already bought the gold," said one trader, "or he doesn't intend to buy any."

The traders suggested that the gold market had borrowed some of the renewed strength of the silver market, which was being buoyed up on a wave of buying from New York commodity funds. Gold was being dragged up, they said, because computer trading programmes frequently linked the two precious metals.

Silver's upsurge continued yesterday, when it gained another 18.5 cents to close in London at 492.5 cents an ounce, up 44 cents on the week.

The platinum market joined in the fun, the London price gaining $11.75 on the week to $395 an ounce at yesterday's afternoon fixing. But it was again outperformed by its sister metal, palladium, which rose $16.75 to a four-year high of $146 an ounce. Traders attributed palladium's impressive performance of late, which seems not to have been affected by the ups and downs of the other precious metals, to very strong physical demand from Japan, almost certainly from the electrical goods sector, and from US electrical goods producers.

They also noted that the price rise had not elicited the usual increased deliveries from Russia, which accounts for about half the world's palladium supply. Mr Nikolai Menshikov, deputy director of the Platina unit of Russian precious metals exporter Almazyuvelirexport, denied suggestions that Russia was holding back on contracted supplies. He told Reuter his company was meeting all contracts to deliver the metal and would continue to act responsibly on world markets.

At the London Metal Exchange the copper contract, which, along with lead, was switched on Thursday from sterling to US dollar denomination, at last managed to break through the $1,900-a-tonne barrier for three months metal. It closed yesterday at $1,923.50 a tonne, up $46.50 on the week.

Traders said the rise partly reflected lost production at Chile's Chuquicamata mine but added that the market's attention was in particular focused on the US, where labour contracts at Kennecott and Phelps Dodge expired this week. Strike talk was in the air, they said.

Another strong LME market was aluminium, aided by the long-awaited announcement of a substantial production cut. The mystery about where the expected retrenchment was to happen, which was still puzzling traders on Monday, was solved that night when Aluminum Company of America, the world's biggest producer, said it was to cut its primary aluminium production in the US by 265,000 tonnes a year, or nearly 25 per cent.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes

Aluminium	+11,450	to 1,899,375
Copper	-1,150	to 417,075
Lead	-75	to 251,900
Nickel	-1,170	to 89,476
Zinc	+1,825	to 588,500
Tin	-105	to 30,470

As often happens when expected bullish news is announced, the market's immediate gains were quickly erased and LME aluminium prices actually ended lower on Tuesday. But they were quickly back into the plus column as traders looked around for other big producers to follow Alcoa's lead. So far none has appeared, but the expectations were given a boost yesterday by a strong rumour that the Bonneville Power Authority would shortly announce new electricity charges that could affect production policy decisions at several north-western US smelters. Three months delivery aluminium closed yesterday at $1,262.50 a tonne, up $33 on the week.

Cocoa futures prices rallied at the London Commodities Exchange yesterday as concern about a possible supply squeeze forced up nearby positions. The September delivery position ended at £745 a tonne, up £26 on the day and £18 on the week.

Robusta coffee prices were also stronger, the September quotation rising £12 on the day to finish $4 up on balance at $927 a tonne. But dealers noted that trading was very quiet.

Oil prices, already depressed by continuing overproduction by members of the Organisation of Petroleum Exporting countries, came under further pressure late this week after the US said it would allow Iraq to export some oil if Baghdad agreed on conditions with the United Nations in talks next week. On the European physical market North Sea Brent blend prices sank to six-month lows, and at London's International Petroleum Exchange the September futures price fell 61 cents on the week to an 18-month low of $17.08 a barrel in late trading yesterday.

Richard Mooney

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Fri Jul 2	Day's change %	Thu Jul 1	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (25)	128.99	+0.09	127.98	1.71	5.94
2	5-15 years (23)	149.85	+0.11	149.69	2.21	6.65
3	Over 15 years (9)	162.79	+0.03	162.75	1.91	6.77
4	Irredeemables (6)	184.34	+0.15	184.07	1.38	7.35
5	All stocks (63)	145.85	+0.09	145.72	1.99	6.34
	Index-Linked					
6	Up to 5 years (2)	186.07	+0.07	185.94	1.23	1.92
7	Over 5 years (11)	175.78	+0.01	175.76	0.78	2.62
8	All stocks (13)	176.04	+0.02	176.01	0.83	2.53
9	Debs & Loans (66)	133.23	+0.15	133.04	2.44	5.35

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jul 2	Thu Jul 1	Year ago (approx.)	1993 High		1993 Low	
	British Government								
1	Low	5 years	6.86	6.86	8.12	7.22	29/4	6.33	19/2
2	Coupons	15 years	7.94	7.94	8.69	8.37	12/1	7.54	18/3
3	(0%-7¾%)	20 years	8.07	8.07	8.69	8.64	20/1	7.83	8/3
4	Medium	5 years	7.02	7.03	9.01	7.56	11/1	6.73	19/3
5	Coupons	15 years	8.02	8.02	8.87	8.83	19/1	8.01	28/6
6	(8%-10¾%)	20 years	8.11	8.11	8.84	9.05	20/1	8.11	28/6
7	High	5 years	7.23	7.24	9.22	7.79	11/1	6.89	8/3
8	Coupons	15 years	8.27	8.28	9.02	9.11	20/1	8.27	2/7
9	(11%-)	20 years	8.30	8.32	8.98	9.20	20/1	8.30	2/7
10	Irredeemables(Flat Yield)		8.20	8.21	9.00	9.05	20/1	8.20	2/7
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	2.89	2.88	4.00	3.83	25/5	1.82	12/2
12	Inflation rate 5%	Over 5 yrs.	3.50	3.50	4.31	3.89	14/1	3.38	19/3
13	Inflation rate 10%	Up to 5 yrs.	2.14	2.13	3.28	2.31	17/6	0.92	12/2
14	Inflation rate 10%	Over 5 yrs.	3.33	3.32	4.13	3.72	14/1	3.19	19/3
15	Debs &	5 years	8.27	8.25	10.39	8.97	4/1	8.41	16/3
16	Loans	15 years	8.96	8.97	10.13	9.94	19/1	9.14	16/3
17		25 years	9.11	9.13	10.01	10.19	19/1	9.38	16/3

COMPANY NEWS: UK

Chairman warns of increasingly difficult future for grocery market

Recovery continues at Asda

By Neil Buckley

ASDA, the UK's fourth-largest grocery chain, continued its recovery with pre-tax profits for the year to May 1 of £187.4m, after a £364.8m loss last year, but warned that the grocery market faced an increasingly difficult future.

Asda's shares fell 6p to 65¾p, and share prices fell across the food retail sector as Mr Archie Norman, chief executive, said food retail growth was in decline, industry overcapacity was increasing, and competition was growing from cut-price discount operators.

"We are planning on the basis that the halcyon days in the UK grocery industry in terms of profitability are over," he said.

"1991 will turn out to have been the annus mirabilis of UK grocery retailing. The superstore industry will not be able to sustain the number of new openings planned without having some effect on margins and sales growth."

He added that Asda's achievement this year had been to improve its performance in difficult circumstances and that the chain's renewed emphasis on keen pricing made it well-placed to withstand the pressures on the grocery industry.

The pre-tax figure, prepared under FRS3, included exceptional credits of £65.2m. There were profits on asset sales of £97.8m offset by a £6m provision for restructuring the Allied Maples furnishing business, which made a £7.9m operating loss last year, and a £28.6m provision for loss on discontinued businesses, including the closure costs of Asda's food processing plant in Wakefield.

Last year there was an exceptional charge of £451.6m.

On a non-FRS3 basis, profits before tax and exceptional items increased 62 per cent to £140.4m (£86.8m). That was at the top end of City forecasts, and excess of Asda's own forecast of £130m when it launched a £347m rights issue in February.

Group turnover improved to £4.61bn (£4.53bn). Turnover for the Asda stores improved 2 per cent to £4.4bn (£4.31bn for a 53-week year). On a 52-week basis, store turnover was up 4 per cent.

Stripping out the effects of four new stores, four conversions to the new Dales discount format, and food price inflation of about 1 per cent, like-for-like sales growth was about 2 per cent, better than that achieved by Sainsbury, Safeway or Tesco.

FRS3 earnings per share were 6.4p (17.55p losses), and the recommended final dividend is 1.1p, making a total of 1.6p (2.1p).

In search of happy bellringers

Neil Buckley reports on the plans of a revitalised retailer

BY THE exit of one of Asda's newly-revamped stores at Wolstanton, near Stoke, is a customer satisfaction bell. Shoppers are invited to "ring the bell and keep us smiling if you've had good service".

Shareholders might already be ringing the bell for Asda's new management team, headed by Mr Archie Norman. The severe financial difficulties the chain found itself in at the end of the 1980s have been largely solved.

Net debt has been reduced from more than £700m when Mr Norman took over, to £76m, helped by the sale of Asda's stake in MFI, the furniture retailer, £57m of site disposals, and a £347m rights issue.

Mr Norman has set a clear strategy of keeping the Asda chain to 200 stores and redesigning and rebuilding existing stores.

The company has abandoned its disastrous late-1980s strategy of trying to be another Sainsbury or Safeway. It is returning to its roots, aiming to "satisfy the weekly shopping needs of ordinary working people and their families". The "Asda Price" slogan has been revived, with the aim of beating prices at Sainsbury, Safeway and Tesco by 3 or 4 per cent.

The chain is also experimenting in four stores with a new discount format called Dales.

The key to success will now be whether Asda can attract shoppers back to its stores. It has already had some success. Like-for-like sales growth of 2 per cent last year was better than any of the big three.

It is putting its hopes in its store renewal programme. Four stores have already been refitted and 40 more will undergo the treatment this year, at a cost of about £95m.

Lydia van der Meer

Archie Norman: set a clear strategy of keeping to 200 stores

The five-year-old Asda at Wolstanton was the first example. Asda spent £2.3m last August turning it from a somewhat dark and cluttered place into a light and airy flagship, installing new lighting, signing, and fittings.

It also moved fresh foods to the store entrance, replacing the bottles of detergent and car accessories which used to greet shoppers.

As important as the physical changes were the managerial ones. Several layers of management were removed and staff divided into 25 teams covering different product areas. Each team runs its area as a business, and is given weekly and daily sales figures, as well as information on items such as wage and wastage costs.

The teams are experimenting with adjusting the product mix, and in many cases reducing the range.

Mr Norman said yesterday he believed Asda, whose superstores used to carry more than 20,000 product lines, had become "over-ranged". The total might be reduced by as much as 20 per cent.

Wolstanton's management believes it has taken sales from nearby Tesco and Sainsbury superstores, and Asda's four "renewal" stores have seen sales increase by about 20 per cent since their refits.

Mr Norman said he expected to see similar results from all 40 renewal stores this year.

Forty minutes down the M6 is an example of the other prong in Asda's programme.

At Tipton, a 20-year-old superstore has been converted into a Dales discount outlet. Asda spent £2m on ripping out the false ceiling to create more of a "shed" environment, and installing warehouse shelving.

Dales carries only 7,000 lines, the margin structure is "significantly lower" than Asda, and prices are about 12 per cent lower than the big three superstore operators. That puts prices on a similar level to those at Kwik Save, the UK's largest discount food chain, but Dales has twice the range.

Again, emphasis is placed on fresh food, which accounts for about a third of the range, and which many discount stores cut to a minimum because of the high costs and special skills involved.

"You could argue that what we are doing [at Dales] is going back to Asda's roots," said Mr Paul Dowling, corporate affairs director. "But we are trying to make it classless. We want to put across the idea of good value without festooning the roof with Day-glo signs."

Dales' sober white-washed walls and airy feel may not accord with the public's traditional view of discounting. Yet the format is showing promise. Tipton is thought to have taken sales both from a nearby Kwik Save, and from Tesco.

Volumes in the Dales conversions have increased significantly, and Asda plans to open two new Dales this year in south-east England, one on a new site at Sittingbourne, Kent, and one in a converted DIY superstore in Hertfordshire. Eventually, Mr Norman said, Dales might provide the avenue for the group's physical expansion. With saturation in the food market increasing, the Asda format itself is unlikely to grow.

Once the renewal programme is complete, Asda will rely for profits growth on constantly improving its performance, along the lines of Marks and Spencer, rather than through constant expansion, like Sainsbury or Tesco.

It is an ambitious vision. Mr Archie Norman has yet to prove if he can deliver, and keep that satisfaction bell ringing.

SFO raids in Butte and Richmond inquiries

By Peggy Hollinger

THE SERIOUS Fraud Office raided a number of addresses in and around Stoke-on-Trent earlier this week in its investigations into a group of quoted natural resources companies and a separate alleged advance fee fraud which may extend to the US.

The SFO yesterday confirmed that it had searched, among others, the premises of J Paterson Brodie & Son, the Stoke-on-Trent accountants. The search was carried out on Wednesday morning in conjunction with City of London and Staffordshire police.

The SFO has stressed that the raid on J Paterson Brodie was not part of an investigation into the accountants, but part of a wider inquiry. Several private residences were also searched.

Police are believed to have confiscated documents concerning companies linked with natural resource groups, Butte Mining and Richmond Oil & Gas, and Mr Charles Deacon, a Staffordshire solicitor.

They are also understood to have taken all correspondence and files concerning the financial affairs of Mr Clive Smith, the Midlands entrepreneur who has been linked to the flotation of several natural resource companies in the late 1980s and early 1990s. J Paterson Brodie were auditors and financial advisers to Mr Smith for more than a decade.

Mr Smith was active in the affairs of Butte Mining and held a stake in Richmond Oil & Gas. Most recently, he has received attention for his role in backing the 1992 purchase of Alpine Double Glazing, the windows company which recently collapsed.

The raid is the latest in a series which began in April last year with a swoop by Jersey fraud police on the offices of local accountants, Bryant & Co. Documents uncovered there sparked a wide-ranging SFO inquiry into share dealings and transactions in UK-quoted Richmond Oil and Butte Mining.

Since then the SFO has also raided the offices of Mr Deacon, who has had dealings with at least one of the resource companies, in connection with alleged advance fee frauds.

Sources close to Mr Deacon said they doubted whether there was any connection between the SFO investigation into Richmond and Butte, and the advance fee inquiry.

Mr Deacon, who has not practised as a solicitor since December, was declared bankrupt in April, claiming debts of more than $254m (£169m).

Investigation into sale of Greencore completed

By Tim Coone in Dublin

THE IRISH stock exchange said yesterday that it had completed its investigation into the controversial sale in April of the Irish government's remaining stake in Greencore, the sugar group, by Dublin's leading stockbroking firm Davy. It had reported its findings to the London Stock Exchange.

Mr Leonard Abrahamson, president of the ISE, said it was now up to its Professional Standards Panel "to determine whether there is a case to answer. If they do then they will make a submission to the disciplinary committee".

Six weeks ago, Mr Abrahamson said that the main findings of the ISE's investigation would be published. He said yesterday, though, "until the process is complete it would not be appropriate to make anything public."

The investigation has already taken a month longer than originally anticipated. It has focused on several aspects of the placing including Davy's original share placement arrangements with SG Warburg, the London merchant bank, with whom Davy has said there was a profit-and-loss sharing agreement. The arrangement was then abandoned on the day of the placement.

Warburg was to have taken up to 10m of the 25.4m shares on offer on a buyer-of-last-resort basis. At the last moment Davy changed the arrangement and placed the Warburg's block with parties associated with the Davy firm.

In the week following the placement, trading in Greencore shares was suspended in London and Dublin for two days, after the Irish government said it had been informed by Davy that legal problems with the placement might have arisen.

The ISE then took the unusual step of making a public statement saying that Greencore shares had been trading on the basis of "misleading information" following the placing and that the conduct of Davy was to be investigated.

A number of institutions then pulled out of the deal, but it was rescued by the Bank of Ireland which stepped in to buy 9.6m of the shares at a cost of I£26m. Davy is a subsidiary of the Bank of Ireland.

Proposal to take Nu-Swift private as profits decline

By Paul Taylor

MR JACQUES Murray, the chairman and majority shareholder in Nu-Swift, is seeking take the fire protection, office cleaning and property group private through a share buy-out bid.

The privatisation proposal was revealed yesterday as Nu-Swift reported sharply lower pre-tax profits for last year mainly reflecting a decrease in valuation of the group's investment property portfolio.

Mr Murray owns a 66 per cent stake in Nu-Swift through European Fire Protection, while Mr Michael Ashcroft's ADT holds 22.8 per cent of the Yorkshire-based group which is quoted on the USM.

The shares closed 25p lower at 333p valuing the group at £123.9m and the stake Mr Murray does not own at £42.5m.

Mr Murray said that following discussions between EFP and ADT, the board had decided to appoint an independent financial adviser "to advise on a proposal whereby all shareholders other than EFP and ADT would be offered cash and/or loan notes in consideration for their shares."

At the same time he said ADT would receive cash, loan notes and property assets, up to an equivalent value, for its stake in Nu-Swift. He added that "shareholders will be kept informed as these discussions proceed."

Because of the discussions Mr Murray said Nu-Swift would not be paying a dividend in respect of 1992 since the associated advance corporation tax would not be recoverable in the foreseeable future and consequently the net asset value of the group would be reduced by more than the dividend amount – 20p was paid for 1991.

Pre-tax profits for 1992 fell from £20.2m to £14.1m on turnover which slipped to £318.6m (£326.5m).

Mr Murray noted that 1992 had been "a year of consolidation for the group with only minor investment activity." The group's service business activities, then comprising the European fire protection division and the American office cleaning and maintenance division which was sold at the start of June, continued to make "substantial" profits despite the recessions in both the UK and the US.

An extraordinary charge of £16.1m resulted from the sale of National Cleaning.

RTZ offshoot acquires Alpine Double Glazing from the receivers

By Peggy Hollinger

A SUBSIDIARY of RTZ, the world's biggest mining company, has bought Alpine Double Glazing, the UK windows company which went into receivership last month.

Duraflex, part of RTZ's Pillar division and one of Alpine's main creditors with unpaid debts of £235,000, is believed to have agreed to a cash payment of at least £500,000, plus a deferred element, for Alpine's brand name and certain plant and machinery.

The sale of the name and assets means that none of the 200 jobs which were lost when Alpine went under will be saved.

Duraflex refused to confirm the purchase yesterday. However, it is believed that the company beat Alpine's main rival, Everest, as well as a second private buyer, in a close race late on Thursday night.

Duraflex was a main supplier to Alpine, manufacturing PVC, which forms part of the frame for double glazing windows.

The company already has a small windows manufacturing facility which sells to the double glazing trade. Duraflex is expected to licensa the Alpine name to larger manufacturers and double glazing retailers.

The deal appears to have put paid to questions over the ownership of Alpine's assets, which were transferred to a newly formed company called Neonbeam just days before Alpine ceased trading.

Finchfleet, a Guernsey-based but Bahamas-registered company part-owned by family interests of Midlands entrepreneur Mr Clive Smith, is the parent of Alpine and is believed to have agreed to the sale.

Quadramatic to be priced on Wednesday

By Andrew Bolger

Shares in Quadramatic, a coin-handling and optical group which is being floated with a market value of £40m-£45m, will be priced on Wednesday.

The group is coming to the market through a placing and intermediaries offer which will raise £20m in new money to pay off debt. No existing shareholders are selling shares.

Quadramatic is backed by Mr Tony Gartland and Mr Jeff Whalley, two dealmakers who during the eighties expanded FKI, the electrical engineering group, by turning round loss-making companies. They want to build Quadramatic by acquiring high-margin engineering companies with international opportunities.

Quadramatic is forecast to make £4.5m in the year to September. Private investors can apply for shares through intermediaries.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Asda	fin	1.1	-	0.85	1.6	2.1
Chartwell §	fin	nil	-	0.4	nil	0.4
Fuller Smith §	fin	5	Aug 20	4.46	7.4	6.71
London Elect	fin	13.9	-	11.8	19.5	16.8
Northamber	fin	0.6	Oct 1	0.5	0.6	0.5
Nu-Swift §	fin	nil	-	10	nil	20
Rubicon	fin	2.5☆	Oct 1	nil	4	nil
Templeton Emerg	fin	1.7	Sept 6	1.3	1.7	1.6

†On increased capital. §USM stock. ☆ Second interim in lieu of a final.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-	Net Div.	Times Covd.	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+or-
100p	F.P.	-	94p	93p	[illegible]	94p	
100p	F.P.	-	107¼	106	[illegible]	107¼	
[illegible]	F.P.	-	105	104	[illegible]	105	
[illegible]	F.P.	-	118¼	111¼	[illegible]	118¼	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-
75	Nil	13/8	7¼pm	7pm	Asda Property	7pm	
12	Nil	11/8	2½pm	1¼pm	Brown & Jackson	1¼pm	
62	Nil	4/8	10pm	5pm	Berisford	5pm	
150	Nil	12/7	64pm	50pm	Crabtree	64pm	+11
350	Nil	27/8	65pm	59pm	English China Clays	59pm	
55	Nil	6/8	2½pm	1pm	Ferranti	2½pm	
285	Nil	11/8	56pm	32pm	Hammerson	33pm	-1
255	Nil	11/8	65pm	30pm	Do A N/V	31pm	-1
133	Nil	11/8	24pm	21pm	Hardy Oil	21pm	-1
240	Nil	9/8	115pm	115pm	Hodder Headline	115pm	
350	Nil	27/7	57pm	39pm	MEPC	48pm	-2
320	Nil	9/8	77pm	65pm	Matthew Clark	76pm	
132	Nil	4/8	21pm	15pm	Norcros	17pm	
102	Nil	28/7	29pm	20pm	Sanderson Murray & E	26pm	
400	Nil	10/8	79pm	55pm	Utd. Newspapers	55pm	-3
148	Nil	13/8	20pm	13½pm	Wimpey (G)	13½pm	-2½

R Figures based on SMR 'Headline Earnings' draft proposals. b Figures based on prospectus estimates. h Figures based on prospectus or other official estimates. W Pro Forma Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. ‡ Unlisted securities market. pm Price at a premium. † Introduction. § Placing price. $ Issued by way of rights.

TRADITIONAL OPTIONS

- First Dealings June 28
- Last Dealings July 9
- Last Declarations Sept. 30
- For settlement Oct. 11

3-month call rate indications are shown on page 8.

Calls in: Amber Day, ASDA, Caverdale, Cluff Res., Ferranti, Owners Abroad and Rubicon. Puts in: Amber Day, ASDA and Owners Abroad. Puts & Calls: Copymore, Ferranti and Medeva.

Rentokil lifts Securiguard bid terms and snaps up 29.7% stake

By Angus Foster

RENTOKIL, the environmental and property services company, yesterday lifted its bid for security and cleaning group Securiguard and then bought 29.7 per cent of the company in the market at the revised offer price.

Securiguard's board, which rejected Rentokil's earlier approach, said it wanted to meet with Rentokil and consider recommending the revised bid.

Rentokil raised its cash offer from 270p a share to 345p, which includes Securiguard's 4.5p interim dividend payable next month. The offer, which was declared final, values Securiguard at £70.9m compared to its market capitalisation before the offer of about £40m.

Securiguard's shares gained 25p to 340p. Analysts said Rentokil was offering a "very full" price and would probably win control of the target.

Mr Clive Thompson, Rentokil's chief executive, said the revised offer gave shareholders more than 18 times last year's earnings. "The reason we've paid a very substantial premium is in order to realise opportunities in the security market," he said. Rentokil wants to use Securiguard's UK and US manned security operations to break into the security market, which it sees as a good fit with its other business services like property management. Securiguard's cleaning activities, expanded in 1990 through the purchase of Madison, could fit with Rentokil's office cleaning activities.

Rentokil bought its stake from 12 institutions. It stopped buying just short of the 30 per cent trigger, when it would have been forced to launch an unconditional offer.

Vodafone chief's pay tops £0.5m

Mr Gerry Whent, chief executive of Vodafone, the cellular telephone group, saw his remuneration for the year to March 31 rise by 7.5 per cent to breach the half-a-million a year barrier.

His pay rose from £479,237 to £515,144 excluding pension contributions.

NEWS DIGEST

Villiers £1.15m in the red

VILLIERS Group, formerly Caspen Oil, announced a pre-tax loss of £1.15m after exceptionals for the six months to January 31 against profits of £6,000.

Mr Robert Luetchford, chairman, said that as planned, the newly-acquired Villiers business in Wolverhampton had been reorganised. It was now a marketing unit which offered a range of small engines.

Although increased oil production was achieved by Caspen Operating Company the oil price had weakened, Mr Luetchford said, and the business continued to have difficulty in providing returns on assets employed.

Accordingly, and given the opportunities available in its engineering activities, the company had decided to divest the oil business.

An exceptional debit of £1.1m (£169,000 credit) comprised a £930,000 reduction in the value of the oil assets and £168,000 acquisition and reorganisation expenses relating to the Villiers purchase last August.

Losses per share were 2.4p (0.05p earnings). The group trades on the USM.

Tamaris returns to black in second half

Tamaris, the nursing home operator, returned to profits in the second half of the year to the end of March. But it was insufficient to overcome the first half loss leaving full year pre-tax losses at £50,000, against £955,000.

Turnover advanced from £2.8m to £3.38m. Losses per share came out at 1.45p (6.55p) or 4.57p (0.21p) fully diluted.

Chartwell deficit grows to £445,000

Strong pricing pressures and lower sales resulted in increased pre-tax losses of £445,000 at the Chartwell Group, USM-quoted maker of carpet tiles and cubicles for the contract market, in the year ended March 31. Losses last time were £39,000.

Turnover was reduced to £5.62m (£9.51m).

There were exceptional reorganisation and relocation costs of £80,000. Losses per share were 5p (0.4p earnings) and there is no dividend (0.4p).

The directors believed the company would return to profitability during 1993-94.

Northamber cuts deficit to £0.97m

Northamber, the computer equipment distributor, trimmed its losses from £2.74m to £973,000 at the pre-tax level for the year to end-April.

Turnover rose by £10m to £103m of which £6.3m was attributable to discontinued operations.

Losses per share emerged at 3.9p (11.6p). The dividend is increased to 0.6p (0.5p).

The company ended the year with net cash of £2.4m. Net assets per share stood at 80p (85p).

Aberdeen Steak Houses loss reduced

Aberdeen Steak Houses Group, the USM-quoted restaurant operator, announced reduced pre-tax losses of £185,000 for the year to December 31 against a restated £369,000.

Turnover fell to £12.9m (£13.3m) following the disposal of certain lossmaking restaurants, and there were increased operating profits of £377,000 (£115,000). The pre-tax result was after exceptional items of £300,000 (£157,000) representing a provision for a write-down of certain fixed assets. Interest charges were £262,000 (£327,000).

Losses per share emerged at 1.2p (2.3p).

McInerney Props losses lower

McInerney Properties, the Dublin-based construction company, reduced pre-tax losses from I£11.85m to I£2.65m (£2.6m) in 1992 after exceptional charges of I£516,000 against I£5.34m.

Depending on the outcome of current discussions with certain non-bank creditors, the company said the figures for 1992 "could be materially altered".

Turnover was lower at I£32.9m (I£34.1m). Losses per share were 6.2p (21.6p).

Chrysler to sell its stake in Mitsubishi Motors

By Emiko Terazono in Tokyo

CHRYSLER, the US car manufacturer, will sell its 2.72 per cent stake in Mitsubishi Motors of Japan, ending a 20-year capital link.

The timing of the sale, scheduled to take place during the week beginning July 19, comes as the value on its holdings has risen due to the yen's sharp appreciation against the dollar. Under current exchange rates, the stake is worth some $164m.

Mitsubishi officials said the sale would not affect the industrial ties between the two companies. However, it represents a change in the relationship, which has created little synergy.

Ties between the companies have become strained as friction between US and Japanese car makers has mounted due to Japan's increasing trade surplus. Chrysler has been one of the most strident critics of Japanese policies.

Mitsubishi executives had been angered by Mr Lee Iacocca, former Chrysler chairman, who had demanded limits on Japanese vehicle sales in the US.

Earlier this year, Japanese car makers raised prices in the US to avoid protectionist pressure, after the big three US manufacturers – Ford, General Motors and Chrysler – threatened to file an anti-dumping complaint against Japanese makers.

Chrysler invested in Mitsubishi Motors in 1971, and the company was run for 15 years as a joint venture with Mitsubishi Heavy Industries. In 1985, when Mitsubishi Motors was listed, Chrysler had a 24 per cent stake, which was reduced to 10.99 per cent in September 1989.

Although the crash on the Tokyo stock exchange in 1990 forced the US company to halt its sell-off temporarily, last year resumed its stock sales.

In 1991 Chrysler sold to Mitsubishi its 50 per cent stake in Diamond Star Motors, the companies' production joint venture in the US, raising $100m. The venture was formed in 1985, but Chrysler's investment could not keep pace with Mitsubishi's ambitious expansion plans.

Last year, sales of Mitsubishi and Diamond Star cars by Chrysler totalled 128,764 units, down 20.5 per cent from 1989, while Mitsubishi's shipments of its engines to Chrysler fell to 402,000 units, down 21.6 per cent.

Nikko Securities will lead the public subscription of the 23.25m shares. Investor demand will be assessed from July 8 to July 14, with the sales price likely to be determined on July 15.

Mitsubishi's share price yesterday fell 1.4 per cent to Y760 on the Tokyo stock exchange due to jitters that Chrysler's sale would add negative pressure to the share price.

Further write-offs expected at IBM

By Louise Kehoe in San Francisco

IBM is expected to announce another big write-off to cover further workforce cuts when it reports its second-quarter results later this month.

The US computer company, still struggling to recover from its worst ever sales slump, will also provide an updated estimate of the number of jobs it expects to eliminate this year.

Financial analysts are predicting that IBM could double its original projection of 25,000 job reductions for 1993. "We expect a write-off of at least $1.8bn to $2.4bn for an additional 15,000 to 20,000 personnel reductions above the 25,000 estimate given last December," said Mr John Jones of Salomon Brothers. Asset write-offs could increase the write-off by another $2bn to $3bn, Mr Jones predicted.

IBM declined to comment on published estimates of job cuts, but reiterated earlier statements that the final reduction figures for the year were expected to be well above 25,000.

Mr Lou Gerstner, new IBM chairman and chief executive, who joined the company on April 1, is expected to take a more aggressive approach than his predecessor, Mr John Akers, toward reducing costs.

Last year, IBM reduced its workforce by over 40,000, to about 300,000, down from a high of 405,000 at the end of 1985. Faced with large write-offs for redundancies, IBM may again reduce its dividend, some analysts believe.

Canberra revises plans for sell-off

By Bruce Jacques in Sydney

THE Australian government has been forced to redraw its privatisation programme. The change will delay the flotation of Qantas, the Australian airline, and see the flotation of a A$1.5bn (US$1bn) tranche of the Commonwealth Bank of Australia by September or October this year.

Mr Ralph Willis, finance minister, said the flotation of 75 per cent of Qantas has been deferred to late 1994.

Mr Willis said the decision on Qantas followed advice from the government's financial consultants and Mr Gary Pemberton, Qantas chairman.

Late last year British Airways topped offers from several international competitors and paid A$665m for a 25 per cent stake in the airline.

Qantas is also still digesting the acquisition of Australian Airlines, its domestic carrier subsidiary, and is carrying a debt ratio in the order of 70:30.

To replace proceeds from the Qantas sale the government will offer a further 19 per cent stake in the Commonwealth Bank to the market in the current June year, rather than next year as earlier planned.

The bank is already 30 per cent publicly owned following the A$1.3bn flotation in 1991 which effectively began the government's privatisation programme.

Government policy limits private ownership of the bank to 49 per cent, although the opposition favours a 100 per cent sale.

Analysts said the government was likely to move ahead with the float soon after the bank announces its next annual results in September.

The bank's shares reacted positively to the news on Australian share markets yesterday, reaching a record high of A$5.76, valuing a 19 per cent stake at about A$1.45b.

Because of the size of the proposed flotation, analysts believe it is likely to be broken into components, probably including an entitlement issue to existing shareholders.

The changed timetable for the privatisations confirms recent speculation that the Qantas flotation would be delayed, mainly because of the poor state of the world airline industry.

The new privatisation timetable will increase the government's task in reducing its growing budget deficit. Privatisations have begun to assume a more important place in government budgeting, although the Labor Party still favours a much slower pace than the opposition Liberal National coalition.

Other government-owned assets such as the Australian National Line, the shipping company, and Australian Defence Industries, the defence contractor, are also under consideration for sale.

Mr Willis said the Qantas postponement meant the budget deficit starting point for 1993/94 would rise by between A$500m and A$750m.

He said the government had estimated that the Qantas float would contribute about A$2bn to receipts. The treasurer, Mr John Dawkins, has previously indicated that without policy changes the starting point for the budget deficit for 1993/94 would be about A$18bn.

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MIM to buy UK zinc smelter for A$100m

By Bruce Jacques

MIM, the Australian mining and metals group, is to buy the UK's only zinc smelter, at Avonmouth, near Bristol, and associated downstream businesses in the West Midlands, for A$100m (US$67m).

Pasminco, the financially-stretched rival Australian zinc producer, put the smelter up for sale in February last year after reporting a net loss of A$118m.

The deal takes MIM into zinc smelting for the first time, although it has copper and lead smelting facilities. The group produces about 20 per cent of the world's mixed lead/zinc concentrate (an intermediate material) and this will go up to almost 50 per cent when its planned MacArthur River zinc mine in Australia comes into operation in the late 1990s.

Consequently, the Avonmouth smelter had a unique value to MIM, said Mr Norman Fussell, MIM's managing director, yesterday.

"MIM's strategies include growth in zinc production as one of our core products," he said. "We seek to build upon our Australian base into the three major market areas of the world of which the UK/Europe is one."

The Avonmouth plant, which has an annual capacity of 105,000 tonnes of zinc and 45,000 tonnes of lead, is the largest in the world using the Imperial Smelting Process, the most suitable technology available for processing the mixed concentrates MacArthur River will produce, he added. A production improvement programme is expected to lift capacity to 120,000 tonnes of zinc and 55,000 tonnes of lead.

MIM is also buying the associated Bloxwich facility which makes a range of products using zinc from Avonmouth and other European smelters and does some recycling.

MIM has been operating in the UK for many years through ownership of the Britannia Refined Metals silver-lead refinery at Northfleet, Kent.

It will pay US$67m, subject to adjustment for actual working capital, plus up to £3.9m (US$5.85m) for a capital expenditure adjustment.

Pasminco said the consideration would consist of US$15m cash, with the balance in negotiable promissory notes. Funds would be applied to reducing Pasminco's debt and the deal would result in a book loss of about A$6m.

Pasminco, formed in 1988 when North Broken Hill Peko and CRA pooled their zinc and lead interests, originally wanted to sell all its European operations to reduce debt and concentrate on its Australian operations. However, it decided to keep its 50 per cent share of the Budelco smelter in the Netherlands, jointly owned with Billiton, the mining and metals arm of the Royal Dutch/Shell group. Budelco's future is under a cloud because the Dutch authorities are insisting it must treat its solid waste rather than store it.

Fiat sets up L2,000bn loan facility

By Haig Simonian

FIAT, Italy's biggest private company, will sign a L2,000bn ($1.29bn) stand-by loan next week to bolster its finances at a time of large-scale spending.

The deal, to be led by Istituto Bancario San Paolo di Torino, will come in two tranches of L1,000bn covering maturities of 18 months and five years.

Terms for the transaction and the names of the banks involved will be revealed next week.

The new facility will provide an extra cushion to meet the needs of the group's L46,000bn investment programme between 1992 and 1996.

About L28,000bn of the total is being spent on the cars side, where Fiat has announced a new model programme. Investment spending on cars will use a further L12,000bn between 1997 and 1999, while the company may also announce further spending during that period for other industrial activities.

Fiat's investments have already had a big impact on finances. Its net financial position, which surged to a deficit of L3,849bn at the end of 1992, could reach L10,000bn by end-December.

Mr Giovanni Agnelli, chairman, has said Fiat would try to alleviate the effect of continued beavy investments by selling non-strategic assets.

Montedison triggers new losses inquiry

By Haig Simonian in Milan

MONTEDISON, the Italian industrial group controlled by the troubled Ferruzzi Finanziaria (Ferfin) holding company, has brought in a second set of accountants to investigate mysterious losses at a little-known foreign subsidiary.

The disclosure of the losses at Financing and Investments, a Curaçao subsidiary of Montedison's Swiss-based international holding company, resulted in a last-minute revision of the group's accounts this week to show an additional L435bn ($281m) consolidated loss on top of the L1,244bn previously reported.

Separately, shares in Ferfin, which have plunged since the group shocked shareholders at the end of May with much higher-than-expected losses for 1992, fell a further 6.52 per cent to L381.6 in Milan yesterday. The latest drop takes the cumulative fall in Ferfin's ordinary share price to over 64 per cent since its original 1992 results were announced.

Montedison, which this week elected a new board largely comprising appointees acceptable to Ferfin's five main creditor banks, said it had called on the Deloitte & Touche accounting group to examine whers and how the losses arose.

The accountants have also been requested to examine the complex structure of Montedison International Holding and its subsidiaries and of the foreign subsidiaries of Ferfin.

Earlier this week, Montedison said it had called on its main auditors, Price Waterhouse, to look into unexplained losses, ascribed to "credits deemed to be irrecoverable".

The appointment of additional auditors suggests the group wants an independent study and may imply the scale of the task is more complex than expected.

Magistrates are now looking into two aspects of Ferfin's affairs. While one team in Milan is monitoring the proposed rescue, two separate sets of magistrates in Milan and Rome are investigating possible irregularities in the constitution and eventual dismantling of the Enimont chemicals joint venture between Montedison and the state-owned Eni energy and chemicals group.

The latter inquiry has triggered rumours that Montedison's newly-discovered losses could be linked to covert payments to Italian politicians in return for Enimont-linked favours, along the lines of kickbacks paid by Eni.

Alternatively, some observers believe the losses cover previously concealed errors in commodities or foreign exchange trading, or may have stemmed from covert share support schemes when Ferfin and Montedison were engaged in e stream of takeovers.

Stena Line plans radical strategy switch

By Richard Tomkins, Transport Correspondent

STENA LINE, the Swedish ferry group, is to announce a radical change of strategy next week which could involve ordering the world's first fleet of high-speed ferries capable of carrying goods vehicles.

The company and its UK subsidiary, Stena Sealink Line, said they would make an announcement on Tuesday that would have implications for the world's ferry industry.

There was speculation this could mean ordering craft technically ahead of high-speed ferries such as the catamarans operated by Sea Containers, the Bermuda-based shipping gronp.

Moody's upgrades debt ratings of two US banks

By Damian Fraser in New York

MOODY'S Investor Service has upgraded the debt ratings of Chemical Banking and Chase Manhattan, two of the US's largest banks.

The ratings increase follows similar upgrades given by Standard & Poor's, and underlines recent improvements in the banks' earnings and capital levels. The upgrades on senior and subordinated debt affect about $8bn of debt in each bank.

Moody's increased the long-term debt ratings of Chase Manhattan senior debt to Baa1 from Baa2, and of Chemical Banking senior debt to Single A3 from Baa1. Both banks have recently raised capital and improved the quality of their loans in an effort to boost the ratings on their debt.

The rating agency said Chase's upgrade "recognised the improvement in Chase's capital measures following its recent $650m equity offering as well as from future earnings retention". But Moody's noted capital ratios at Chase continued to be lower compared with other US banks, and that "asset quality was somewhat impaired".

Chemical Banking was said to have benefited from its merger with Manufacturers Hanover, and from "substantial progress" in reducing its portfolio of impaired loans. Underlying earnings had benefited from non-interest income from Treasury and trading activities.

Continental 'satisfactory' if market conditions hold

By David Waller in Frankfurt

CONTINENTAL, the German tyre manufacturer, is on course for "satisfactory" results this year provided there is no deterioration in market conditions later this year, the chief executive said yesterday.

Mr Hubertus von Grünberg told shareholders in Hanover that the group managed to make a profit in the first five months of the year although sales fell by 10 per cent to DM3.7bn ($2.18bn).

Mr von Grünberg blamed the decline in turnover on low unit sales to the recession-hit car industry, but cited a number of factors which were working in the group's favour.

These include a continued recovery in earnings at General Tire, the group's US subsidiary, as well as the swift implementation of rationalisation measures which had enabled the group to avoid the full force of the downturn.

These measures would be intensified during the rest of the year. Mr von Grünberg said Continental was considering transferring production away from high cost manufacturing sites in western Europe to other parts of the world.

Continental made net profits of DM133m last year after a loss of DM128.2m in 1991. The recovery disguises poor conditions in the second half of last year when the group made virtually no profit. Mr von Grünberg earlier this year described the first two months of 1993 as "miserable".

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	$390.00	+13.55	$346.00	$390.00	$326.05
Silver Per troy oz	326.00p	+23.5	212.425p	326.00p	236.00p
Aluminium 99.7% (cash)	$1240.00	+33.50	$1323	$1240.00	$1108.00
Copper Grade A (cash)	$1923.50†		£1312.5	$2375.50	$1733.50
Lead(cash)	$388.25†		£318.5	$460.00	$385.00
Nickel (cash)	$5347.5	-17.5	$7642.5	$6340	$5337.5
Zinc SHG (cash)	$926.5	-1.00	$1300.0	$1112	$916.5
Tin (cash)	$5090	+118	$7015.0	$6047.5	$4960.0
Cocoa Futures (Sep)	£747	+19	£589	£751	£663
Coffee Futures (Sep)	$928	+5	$716	$985	$836
Sugar (LDP Raw)	$268.7	+0.8	$251.0	$317.4	$204.5
Barley Futures (Nov)	£106.40	-1.70	£113.70	£110.30	£105.30
Wheat Futures (Nov)	£107.30	-1.15	£115.00	£149.45	£107.30
Cotton Outlook A Index	56.65c	-0.55	65.60c	62.35c	54.75c
Wool (64s Super)	357p	-5	377p	403p	340p
Oil (Brent Blend)	$16.78x	-0.815	$20.80	$19.53	$16.65

Per tonne unless otherwise stated. p-pence/kg. c-cents lb. x-Aug. † Copper and lead prices are now expressed in dollars per tonne.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Aug)		**+ or -**
Dubai	$14.37-4.44z	-.335
Brent Blend (dated)	$16.67-6.69	-0.31
Brent Blend (Aug)	$16.77-6.79	-0.41
W.T.I (1 pm est)	$18.03-8.05z	-0.43
Oil products (NWE prompt delivery per tonne CIF		**+ or -**
Premium Gasoline	$198-200	-1
Gas Oil	$160-161	-4
Heavy Fuel Oil	$59-61	
Naphtha	$167-169	-2
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$390.00	+6.50
Silver (per troy oz)♣	492.5c	-18.5
Platinum (per troy oz)	$395.00	+9.75
Palladium (per troy oz)	$146.00	+6.00
Copper (US Producer)	90.50c	+0.50
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	N/A	
Tin (New York)	235.5c	
Zinc (US Prime Western)	62.00c	
Cattle (live weight)†	138.29p	-3.00*
Sheep (live weight)†♠	105.74p	-12.5*
Pigs (live weight)†	82.84p	-2.51*
London daily sugar (raw)	$268.70	-0.2
London daily sugar (white)	$274.75	-0.75
Tate and Lyle export price	£288.50	-3.50
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£168.5	
Wheat (US Dark Northern)	£147.0u	
Rubber (Aug)♥	68.50p	
Rubber (Sep)♥	69.00p	
Rubber (KL RSS No 1 Jul)	207.5m	+0.5
Coconut oil (Philippines)§	$440.0v	+2.5
Palm Oil (Malaysian)§	$355.0u	+6.0
Copra (Philippines)§	$290u	
Soyabeans (US)	£197.5x	
Cotton "A" Index	56.65c	-0.55
Wooltops (64s Super)	357p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul/Sep. z-Aug.v-Sep/Oct u-Jul 1-Oct/Dec x-Aug/Oct ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – LCE ($ per tonne)			
White	Close	Previous	High/Low
Aug	277.60	275.20	278.50 273.00
Oct	272.00	266.70	272.50 265.00
Dec	272.20	267.20	272.20 265.50
Mar	272.50	267.30	272.50 265.50

White 1826 (546) Paris- White (FFr per tonne): Aug 1599.01 Oct 1573.06

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low
Aug	16.74	17.14	17.13 16.67
Sep	16.93	17.31	17.00 16.87
Oct	17.18	17.53	17.50 17.10
Nov	17.37	17.72	17.70 17.00
Dec	17.59	17.89	17.76 17.49
Jan	17.68	17.97	17.90 17.63
IPE Index	17.24	17.66	

Turnover 42256 (45333)

GAS OIL – IPE ($/tonne)	Close	Previous	High/Low
Jul	159.70	162.70	162.25 159.25
Aug	160.50	163.00	162.75 160.00
Sep	162.25	164.50	164.25 162.00
Oct	165.00	167.75	167.25 165.00
Nov	167.00	169.75	169.50 167.00
Dec	170.00	172.25	171.25 169.75
Jan	170.75	173.25	172.25 170.50

Turnover 12861 (15523) lots of 100 tonnes

SPICES
Indian pepper exporters are asking for an extension of shipping period by one month for the June contracts to New York, reports Man-producten. Unfavourable weather conditions have causing drying problems. Malaysia and Indonesia are both reluctantly offering at higher levels. White: Muntok spot US$1,950 a tonne, Jun-Jul $1,830. Black: Sarawak black label spot $1,215, June-Jul $1,150; Sarawak yellow label spot $1,265, Jun-Jul $1,200. Brazil grade 1 Jun-Jul $1,150, India mg1 spot $1,245, Jul $1,175. Vietnam spot $1,125, Jun-Jul $1,109. Thailand faq spot $1,200, Jul-Aug $1,115.

COCOA – LCE (£/tonne)	Close	Previous	High/Low
Jul	739	725	738 720
Sep	747	720	748 722
Dec	748	719	749 721
Mar	759	730	760 734
May	768	742	771 747
Jul	779	753	780 760
Sep	790	764	779 6
Dec	808	781	808 786
Mar	826	798	831 815
May	837	811	840 838

Turnover: 18716 (15209) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 1·727.28 (709.18) 10 day average for Jul 2 723.92 (722.77)

COFFEE – LCE ($/tonne)	Close	Previous	High/Low
Jul	899	886	900 895
Sep	928	915	928 915
Nov	926	915	927 917
Jan	925	915	929 916
Mar	925	914	925 914
May	925	919	926 924

Turnover: 1594 (6060) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Ju1 1 Comp. daily 54.67 (54.47) 15 day average 54.80 (54.76)

POTATOES – LCE (£/tonne)	Close	Previous	High/Low
Apr	93.8	89.3	93.8 89.9
May	100.5	96.5	99.9

Turnover 183 (90) lots of 20 tonnes.

SOYAMEAL – LCE (£/tonne)	Close	Previous	High/Low
Aug	157.50	157.00	156.50

Turnover 25 (0) lots of 20 tonnes.

FREIGHT – LCE ($10/index point)	Close	Previous	High/Low
Jul	1303	1301	1310 1289
Aug	1275	1273	1285 1275
Sep	1313	1310	1327 1310
Oct	1358	1370	1375 1360
Jan	1396	1390	1401 1389
Jul	1270	1257	1280
BFI	1447	1458	

Turnover 460 (95)

GRAINS – LCE (£/tonne)			
Wheat	Close	Previous	High/Low
Sep	105.65	106.10	106.00 105.50
Nov	107.35	107.65	107.25 107.00
Jan	109.75	110.25	109.75 109.60
Mar	111.70	112.35	107.25
May	114.35	114.85	114.25 114.10
Barley	Close	Previous	High/Low
Sep	103.60		103.60 103.55
Nov	106.40	107.20	106.50
Mar	110.90		111.00

Turnover: Wheat 277 (125), Barley 35 (5).
Turnover lots of 100 Tonnes.

PIGS – LCE (Cash Settlement) p/kg	Close	Previous	High/Low
Jul	109.8	110.0	110.0 109.6
Oct	100.0	105.3	105.0
Nov	105.3	105.8	105.0
Mar	105.0	106.0	105.0

Turnover: 30 (0)lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 44,908 lots
Cash	1239.5-40.5	1225-6		1243.5-4		
3 months	1262-3	1248-9	1267/1257	1266-6.5	1267-8	223,725 lots
Copper, Grade A ($ per tonne)						Total daily turnover 88,033 lots
Cash	1923-4	1914-6	1926/1925	1924-5		
3 months	1928-9	1920-1	1934/1924	1931-2	1931-2	236,352 lots
Lead ($ per tonne)						Total daily turnover 863 lots
Cash	388-8.5	388-90	398/387.5	387.5-8		
3 months	401.5-2	401.5-3	404/401	401.5-2	401-2	22,126 lots
Nickel ($ per tonne)						Total daily turnover 5,654 lots
Cash	5345-50	5335-40	5315	5313-5		
3 months	5400-5	5385-90	5410/5350	5370-1	5390-5	49,258 lots
Tin ($ per tonne)						Total daily turnover 686 lots
Cash	5085-95	5075-80		5060-1		
3 months	5135-45	5125-30	5140/5100	5110-5	5120-30	10,724 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 7,386 lots
Cash	926-7	919-20	924.5	924.5-5		
3 months	943-4	937-8	945/939	942-2.5	942-3	70,773 lots

LME Closing £/$ rate: SPOT: 1.5075 3 months: 1.4976 6 months: 1.4887 9 months: 1.4820

Copper and lead prices are now expressed in dollars per tonne

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	$ price	£ equivalent
Close	389.75-390.25	
Opening	388.80-389.30	
Morning fix	390.00	257.851
Afternoon fix	388.10	256.629
Day's high	392.00-392.50	
Day's low	387.00-387.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.51	6 months	2.52
2 months	2.51	12 months	2.54
3 months	2.51		

Silver fix	p/troy oz	US cts equiv
Spot	319.65	483.50
3 months	324.25	487.15
6 months	328.60	491.05
12 months	337.55	500.15

GOLD COINS	$ price	£ equivalent
Krugerrand	390.00-393.00	258.00-261.00
Maple leaf	399.85-402.40	-
New Sovereign	92.00-95.00	61.00-64.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Aug	Oct	Aug	Oct
1225	47	71	21	30
1250	34	57	32	41
1275	23	45	46	53
Copper (Grade A)	Calls		Puts	
1900	75	101	42	69
1950	49	77	66	94
2000	31	57	96	123
Coffee	Sep	Nov	Sep	Nov
850	84	96	6	20
900	48	69	20	43
950	23	46	46	70
Cocoa	Sep	Dec	Sep	Dec
725	38	56	18	33
750	24	43	27	45
775	15	34	43	61
Brent Crude	Aug	Sep	Aug	Sep
1700	27	50	39	46
1750	10	32	63	65
1800	4	17	-	-

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Jul	385.9	387.4	0	0
Aug	386.7	388.2	393.6	386.0
Sep	387.7	389.2	392.5	388.0
Oct	388.7	390.2	395.5	389.0
Dec	390.6	392.0	397.7	388.5
Feb	392.3	393.7	399.3	392.3
Apr	394.0	395.4	400.0	394.0
Jun	395.6	397.0	402.0	395.0
Aug	397.4	398.8	403.5	396.3

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jul	391.3	394.3	398.0	389.0
Oct	393.5	396.5	401.0	388.0
Jan	394.0	397.0	399.5	393.5
Apr	394.5	397.5	401.0	396.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Jul	486.1	477.1	493.0	480.0
Aug	487.4	478.2	0	0
Sep	489.0	479.8	496.0	484.0
Dec	494.2	484.8	504.0	490.0
Jan	494.8	485.5	0	0
Mar	499.0	489.7	508.0	494.0
May	502.8	493.5	508.0	499.5
Jul	506.2	496.9	508.0	500.0
Sep	509.9	500.6	510.0	503.0
Dec	515.5	506.2	522.0	509.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	87.20	86.80	87.40	86.50
Aug	87.30	86.50	87.00	87.10
Sep	87.75	87.10	87.60	87.00
Oct	87.70	87.10	0	0
Nov	87.70	87.10	0	0
Dec	87.60	87.10	87.00	87.00
Jan	87.65	87.10	0	0
Feb	87.65	87.15	87.15	87.16
Mar	87.75	87.25	87.70	87.25
Apr	87.80	87.30	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Aug	17.98	18.45	18.45	17.94
Sep	18.30	18.73	18.73	18.25
Oct	18.54	18.97	18.95	18.52
Nov	18.80	19.18	19.05	18.77
Dec	19.01	19.34	19.24	18.98
Jan	19.22	19.47	19.37	19.17
Feb	19.30	19.56	19.45	19.30
Mar	19.45	19.64	19.57	19.45
Apr	19.54	19.70	19.64	19.60
May	19.62	19.70	19.62	19.62

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Aug	50.90	51.66	51.90	50.75
Sep	51.86	52.64	52.55	51.70
Oct	52.95	53.76	53.75	52.80
Nov	54.25	54.86	54.80	54.05
Dec	55.35	55.93	55.90	55.15
Jan	56.20	56.63	56.65	55.95
Feb	56.50	56.58	56.95	56.20
Mar	55.75	55.58	56.00	55.50
Apr	54.85	54.43	55.25	54.75
May	54.00	53.48	54.35	53.95

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Jul	955	910	956	928
Sep	978	939	980	955
Dec	1000	963	1015	976
Mar	1029	987	1037	999
May	1040	1007	1045	1022
Jul	1070	1028	0	0
Sep	1093	1001	1098	1098
Dec	1115	1073	1110	1105
Mar	1144	1100	1140	1114
May	1169	1131	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Jul	63.55	60.90	64.00	61.25
Sep	64.70	62.25	64.75	62.75
Dec	67.10	64.65	67.60	65.20
Mar	69.30	66.95	69.60	67.30
May	71.00	68.60	71.50	70.50
Jul	72.60	70.20	0	0
Sep	74.20	71.00	73.25	73.00
Dec	77.20	75.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	10.64	10.34	10.70	10.27
Mar	10.40	10.26	10.52	10.25
May	10.36	10.23	10.48	10.21
Jul	10.32	10.17	10.48	10.30
Oct	10.23	10.10	10.25	10.00

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Jul	53.75	53.60	54.40	53.10
Oct	56.25	56.10	56.50	56.10
Dec	56.50	56.47	56.72	56.30
Mar	57.60	57.47	57.70	57.36
May	58.01	58.10	58.50	58.00
Jul	58.70	58.75	58.95	58.75
Oct	59.75	59.80	60.00	60.00
Dec	60.15	60.20	60.15	60.10

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	124.25	120.25	124.60	120.75
Sep	126.55	123.80	127.25	124.50
Nov	129.95	127.00	131.00	127.70
Jan	131.10	128.85	131.00	129.10
Mar	133.50	130.45	133.50	130.75
May	133.00	130.95	133.00	131.00
Jul	133.00	130.95	133.00	131.00
Sep	133.00	130.95	133.25	133.25
Nov	133.00	130.95	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Jul 2	Jul 1	mnth ago	yr ago
1669.5	1668.5	1669.7	1547.1

DOW JONES (Base: Dec. 31 1974 = 100)				
	Jul 1	Jun 30	mnth ago	yr ago
Spot	121.63	120.74	120.03	116.61
Futures	122.41	120.95	121.67	119.79

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jul	664/0	658/2	671/0	660/0
Aug	665/4	669/6	673/0	662/0
Sep	665/4	661/0	672/4	662/0
Nov	667/6	664/0	676/0	664/0
Jan	670/2	666/4	677/0	667/4
Mar	673/2	669/4	680/0	670/4
May	676/0	672/0	681/4	673/4

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	23.85	24.07	24.20	23.75
Aug	23.90	24.19	24.39	23.81
Sep	24.02	24.28	24.55	24.00
Oct	24.13	24.42	24.63	24.05
Dec	24.35	24.72	24.90	24.30
Jan	24.39	24.80	24.85	24.30
Mar	24.45	24.90	24.95	24.45
May	24.50	24.95	24.95	24.45

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jul	206.3	203.5	207.5	203.8
Aug	205.9	203.2	207.5	204.0
Sep	206.3	203.7	207.8	204.5
Oct	206.7	203.3	208.5	204.7
Dec	208.2	205.2	209.9	206.3
Jan	207.7	204.5	209.5	206.0
Mar	207.0	204.0	209.0	205.5
May	207.0	204.0	207.0	204.5

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Jul	231/4	231/0	235/0	230/6
Sep	238/4	238/2	241/2	237/2
Dec	248/6	246/4	251/2	247/0
Mar	255/0	253/2	257/4	253/8
May	259/0	256/4	261/4	258/2

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Jul	302/4	292/2	313/0	298/4
Sep	302/4	294/2	314/0	298/0
Dec	314/0	303/4	321/0	307/4
Mar	318/4	308/0	323/0	311/0
May	313/0	306/2	315/0	310/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Aug	75.450	74.775	75.600	74.675
Oct	75.470	74.900	75.600	74.900
Dec	75.725	75.275	75.850	75.325
Feb	75.525	75.150	75.550	75.150
Apr	76.675	76.300	76.700	76.275
Jun	73.500	73.000	73.675	73.250

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Jul	49.275	48.650	49.350	48.425
Aug	47.800	46.400	47.850	46.100
Oct	43.300	41.800	43.300	42.050
Dec	43.875	42.450	43.950	42.700
Feb	44.200	42.700	44.200	43.250
Apr	43.000	41.750	43.250	42.100
Jun	49.100	47.600	49.100	47.500

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	36.900	34.600	36.800	34.400
Aug	35.825	34.075	36.050	35.600
Feb	43.675	41.675	43.675	43.100
Mar	43.150	41.150	43.150	42.950
May	43.500	41.500	43.500	43.500

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weathers data

TRADING yesterday was dominated by the release of the US non-farm payroll data, which rose just 13,000 in June against analysts' expectation of a rise ten times that size, *writes Rachel Johnson.*

The news hit the dollar briefly but the currency did not take long to revive as traders continued to target the Yen and the D-Mark as the currencies to shed ahead of next week's meeting of the G7 in Tokyo.

As the US figures were much worse than expected, the question of whether the Federal Reserve's next monetary move should be to ease policy rather than the reverse began to preoccupy market participants. "All the data – including the consumer sentiment survey from Michigan University – has been low, pointing to a different complexion for Fed policy," said Mr Mark Hilliard, at Société Générale Strauss Turnbull.

With bearish sentiment aimed elsewhere, the dollar reversed its initial drop – to the confusion of those who assumed that the poor economic data would drive down the currency for longer. Analysts reasoned that this was because the G7 meeting would produce little to celebrate in terms of a GATT breakthrough or concrete measures to boost world growth and employment.

Speculation that the Bank of Japan would be forced to cut rates under G7 pressure to revive the locomotive economies caused the sharpest currency movement of the day. The Yen closed at Y108.75 to the dollar, after Y107.40 the previous day. But the fact that the Bundesbank had already done its bit for world growth by cutting its rates on Thursday did nothing to improve the sentiment surrounding the D-Mark, as the German economy remains in deep recession. The D-Mark closed at DM1.6960 against the dollar, as against a previous DM1.6990 on Thursday.

There was currency fall-out from the latest round of European interest rate cuts. The Swiss franc suffered from sentiment that the Swiss Bank would like to cut rates again; and the French cut coming as late as yesterday caused confusion. Many had expected the Bank of France to ease on Monday, and were again caught out by the fact that the French did not ease after the Bundesbank's move on Thursday. Franc weakness was the result yesterday, with the currency closing at FFr3.383 against the D-Mark, after a previous 3.377.

According to one economist, the Franc weakness was not so much the result of the lowering of the intervention rate as a perception in the markets that another quarter-point rate cut from the Bank of France was just a matter of time.

£ IN NEW YORK

Jul 2	Latest	Previous Close
£ Spot	1.5085-1.5095	1.5150 1.5100
1 month	0.36-0.35pm	0.36 0.35pm
3 months	1.00-0.98pm	0.97 0.95pm
12 months	3.08-3.00pm	2.90 2.80pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 2	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	192.854	186.987	-3.04	4.69	51
Spanish Peseta	154.250	149.777	-2.90	4.54	51
Irish Punt	0.808628	0.804769	-0.48	2.00	38
Dutch Guilder	2.19672	2.20116	0.20	1.31	8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5075	1.5039	1.4975	1.4885	1.4765
D-mark	2.5575	2.5613	2.5680	2.5758	2.5782
French Fr.	8.6525	8.6597	8.6550	8.6582	8.6497
Swiss Fr.	2.2750	2.2732	2.2695	2.2625	2.2452
Yen	163.75	163.36	162.65	161.57	159.65

MONEY MARKETS

France cuts rates

THERE was more rate-cut activity in the money markets yesterday after France belatedly followed up Thursday's half-point cut in the German discount rate with a ¼ point cut in its own intervention rate, *writes Rachel Johnson.*

As it now stands at 6.75 per cent (compared with a German floor of 6.75 per cent in its discount rate), traders expect there will be room for France to ease further over the summer.

UK clearing bank base lending rate 6 per cent from January 26, 1993

A cut in the German repurchase rate would be a useful cue for another French easing, dealers noted. As the French franc weakened against the D-Mark during the day, it is unlikely that another easing will come soon. The Bank of Spain also cut its daily intervention rate by ¼ point to 11 per cent.

Dealings in the London money market combined to suggest that the UK would, for the moment, not participate in the latest round of European-wide interest rate cuts. The Bank of England gave assistance at its established rate of 5$\frac{27}{32}$ (just a shade below the base rate), offering £325m to relieve an estimated sizeable £1.2bn shortage in an early round. The main factors determining the liquidity shortage were the take-up of Treasury Bills and paper maturing in official hands which would drain £1.17bn from the system.

After two further rounds of assistance of £331m and £95m, the shortage had not yet been taken care of by the afternoon, and the Bank was required to supply a further £420m (taking the day's assistance up to £1.17bn) in a late round. Money rates remained virtually unchanged during the day, with the three month interbank rate closing at 5⅞, after a previous 5$\frac{15}{16}$, for technical rather than fundamental reasons.

But with the Government's funding programme going well, and the prospect of tax increases raised by Mr Kenneth Clarke, the Chancellor, traders are still assuming that some monetary loosening might be forthcoming.

German call money rates slipped after the Thursday rate cuts, to 7.65 per cent after 7.82 per cent on Thursday.

Outside Europe, there was a report that Canada tried to help a further easing of monetary conditions in April; and gloom about the US economy gathered pace after the release of disappointing non-farm payroll data.

FINANCIAL FUTURES AND OPTIONS

[illegible]

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BANK RETURN

BANKING DEPARTMENT	Wednesday June 30, 1993	Increase or decrease for week
LIABILITIES		
Capital	14,553,000	-
Public Deposits	94,949,164	+ 3,116,616
Bankers Deposits	1,456,671,442	+ 17,505,128
Reserve and other Accounts	3,797,150,809	+ 230,811,794
	5,363,324,215	+ 247,201,306
ASSETS		
Government Securities	1,202,512,132	+ 44,980,000
Advance and other Accounts	3,706,168,512	+ 205,807,919
Premises Equipment & other Secs	443,291,782	- 605,377
Notes	11,127,500	+ 2,958,373
Coin	224,289	+ 1,993
	5,363,324,215	+ 247,201,306
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,918,872,500	+ 127,040,627
Notes in Banking Department	11,127,500	+ 2,958,373
	16,930,000,000	+ 130,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	7,364,296,305	- 811,738,847
Other Securities	8,554,688,595	+ 941,738,847
	16,930,000,000	+ 130,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	•Nykredit Mortgage Bnk	6.5
•Henry Ansbacher	6	Exeter Bank Limited	7	•Rea Brothers	6
B & C Merchant Bank	6	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	•Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	•Smith & Williamson Secs	6
Bank of Cyprus	6	•Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	•Hambros Bank	6	•United Bk of Kuwait	6
Bank of Scotland	6	Heritable & Gen Inv Bk	6	Unity Trust Bank Plc	6
Barclays Bank	6	•Hill Samuel	6	Western Trust	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Whiteaway Laidlaw	6
•Brown Shipley	6	Hongkong & Shanghai	6	Wimbledon & Sth West	7
CL Bank Nederland	6	Julian Hodge Bank	6	Yorkshire Bank	6
Citibank NA	6	•Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	Midland Bank	6		
Coutts & Co	6				
Credit Lyonnais	6				

• Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. "Compounded Annual Rate" Int Cr: frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

Corporation and County Stocks

UK Public Boards

Foreign Stocks, Bonds, etc- (coupons payable in London)

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Investment Trusts

USM Appendix

Dalkeith Group PLC Ord IR0.25 - IR0.13 (25Je93)

FBD Holdings PLC Ord IR£0.50 - IR£1.8

Gibbs Mew PLC Ord 25p - 200 6

Midland & Scottish Resources PLC Ord 10p - 12 ½ 3 ½ 4

Total Systems PLC Ord 5p - 69 73 (30Je93)

Wyevale Garden Centres PLC 6.8% (Net) Cnv Cum Red Prf £1 - 178 (28Je93)

Rule 535(2)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv. 85 (30/6)

Cape Range Oil A$0.623♦

Cons. Resources 10 (28/6)

Harland (John H.) $27.25 (28/6)

Keystone Int. $27.625 (25/6)

Kuala Sidim Rubber 55 (30/6)

Kulim Malaysia (Malay Reg) 48 (28/6)

Lawter Int. $14.56♦ (29/6)

Leighton Hldgs. A$1.87

Mogul Mining A$0.1976 (29/6)

National Electronics Hldgs. 5 (28/6)

Niugini Mining A$3.194 (29/6)

Oil Search 28

Playmates Hldgs. HK$2.66 (28/6)

Regal Hotels HK$1.38 (28/6)

Robinson & Co. S$8.04 (30/6)

Storer Communications SK309.98

Walhalla Mining 9 (29/6)

Westfield Minerals C$1.12

By Permission of the Stock Exchange Council

FT-SE ACTUARIES INDICES

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LONDON STOCK EXCHANGE

Futures selling drives equities lower

By Steve Thompson

LONDON'S equity market relinquished all and more of the hard-won gains realised earlier in the week as bad news on both the political and economic fronts combined to weaken all of the big international equity markets.

London was one of the worst performers among the big markets, with the FT-SE 100 index closing 31.1, or 1.1 per cent, down on the session at 2,857.7, mirroring the retreat by Wall Street during early trading.

Lingering market hopes that Thursday's Europe-wide interest rate cuts, might well be followed by a reduction in UK rates, came to nothing and helped to demoralise a UK equity market already suffering from end-account selling.

Sentiment was further weakened when more bad economic news emerged from the US, where non-farm payrolls increased by only 13,000, well below the expected 175,000 and prompting increasing worries among market-watchers about the faltering US economy.

The only real comfort for the market came from a gilts arena still performing well despite the outcome of the mid-week gilts auction, at which the £3.25bn-worth of stock was subscribed for only 1.1 times. Long-dated gilts, helped by a good showing by sterling, were never under pressure and closed about ⅛ higher, while index-linked were about $\frac{1}{16}$ firmer, ahead of the Bank of England's announcement of another £300m of index-linked stock.

The last trading session of the two-week account began with the market opening more than 8 points lower, reflecting an early decline in the FT-SE 100 future. The latter was on the retreat throughout a busy session, eventually closing at a hefty discount to the cash market, indicating that next week will see the market off to a poor start.

Sentiment never recovered after the weak opening and the FT-SE 100 moved progressively lower to close only fractionally above the day's lowest point, 2,857.0, or down 31.8, reached when Wall Street was showing a 25-point decline.

The FT-SE Mid 250 delivered a more robust showing, closing 6.9 off at 3,234.8, having hit peak levels on the previous four days.

Turnover was 638.7m shares, down on Thursday's 650m, but above recent average levels. Customer business on Thursday was worth £1.4bn.

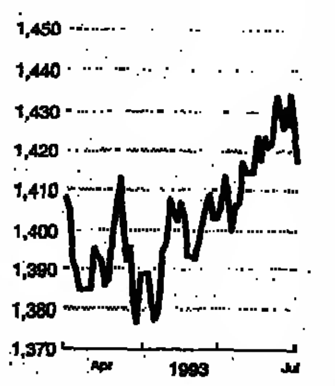
Food retailing stocks were hit by Asda's claim of "difficult trading", but electricity stocks celebrated the run of big dividend increases.

Account Dealing Dates

*First Dealings:	Jun 21	Jul 5	Jul 19
Option Declarations:	Jul 1	Jul 15	Jul 29
Last Dealings:	Jul 2	Jul 16	Jul 30
Account Day:	Jul 12	Jul 26	Aug 9

*New time dealings may take place from 8.30am two business days earlier.

FT-A All-Share Index



Gloomy Asda hits retailers

BEARISH remarks on the food retail market by the chief executive of Asda sent the company's shares downward and cast further gloom on the medium-term outlook for the sector. Food retailing analysts warned that a welter of downgrades were likely to add more downward pressure to the sector in the coming weeks, as the market takes the Asda chief's caution on board.

Mr Archie Norman said that the "halcyon days" for the UK food retailing industry were now over, with a decline in growth and the industry facing increasing overcapacity.

During the next five years, margins would come under further pressure, as the leading supermarket chains attempted to remain competitive with new discount retailers.

"Archie has really stuck the knife in," said one gloomy specialist. "The sector is totally friendless." The remarks took the shine off good results from Asda, which reported profits of £142.1m, following a loss last year of £364.8m.

Despite this, Asda shares slumped nearly 10 per cent, dropping 6 to 65½p in hefty turnover of 41m, with a further 8m equivalent being traded in the options market.

Disappointment in the group's operating margins compared with its main rivals was also being expressed in the market, raising doubts as to whether the group will retain its premium rating.

Among other retailers, J Sainsbury slid 12 to 467p. Tesco dipped 4 to 211p and Argyll declined 8 to 317p.

Recs surge

Yet another hefty hike in the dividend payout gave the regional electricity companies a further excuse to move sharply forward. London unveiled a 18 per cent dividend increase, putting it in second place behind Southern – which posted a 17.6 per cent rise on Thursday – in the "dividend race".

A warning from one rec chairman that the high dividend payout will upset the regulator went unheard in the market, as shares across the sector rose strongly. London added 11 to 477p, Southern 15 to 497p and Yorkshire 11 to 531p.

There was some switching reported out of the water stocks, with Kleinwort Benson said to be recommending the move, among which Yorkshire lost 8 to 482p and Anglian 12 to 467p.

British Aerospace followed the market lower, the shares giving up 8 to 392p, in trade of 1.9m. Reasons for the decline included talk of technical problems for the SA 80 gun it supplies to the British army.

Another story doing the rounds was that Lockheed of the US was to join the BAe/Taiwan aerospace regional jets consortium agreed last year but still seeking funding. However, such a move was dismissed by several analysts.

Profit downgradings from several brokers saw Glynwed International run back 5 to 294p. Bid speculation in engineering group James Wilkes continued and drove the shares 6 forward to 88p.

Stake holder Suter, which firmed a penny to 164p, remains the favourite to launch a bid with a price tag of 100p-a-share mentioned.

Shares in business services group Securiguard jumped 25 to 340p, with turnover rising to 12m, after Rentokil Group launched a market raid early in the session which increased its stake to 29.7 per cent. Rentokil announced it was raising its offer to 345p per share from 270p, leaving one market watcher to comment: "It is all over for Securiguard bar the shouting." Securiguard later said it wanted to meet Rentokil to discuss recommending the offer. The revised offer values Securiguard at £75.4m. Rentokil edged a halfpenny forward to 206½p, on volume of 3.6m.

The rise in the gold price and platinum's move to a four-year high boosted Lonrho shares 3 to 123p. Strong two-way business in BET brought turnover to 9.1m by the close, with the shares remaining unchanged at 115½p. Hoare Govett has warmed to the company and moved from being negative to calling it a "measured risk worth taking."

Hotel group Forte continued its positive run, as talk in the market focused once again on the meeting, rumoured to be "imminent", between executives of the group and Mr George Soros's Quantum Fund. He is said to be considering making a substantial investment in Forte. The shares added 2 to 229p in good turnover of 3.7m.

The oil majors remained under heavy selling pressure ahead of next week's talks between Iraq and the United Nations which could result in the resumption of Iraqi oil sales. Dealers also pointed to the recent strength of sterling against the dollar, which has driven down the sterling price of oil from £12 to £11.30 a barrel in the past two weeks. BP gave up 9¼ to 296p, in heavy trade of 10m shares, while Shell Transport lost 15 to 612p, on volume of 7m.

Cautious comments from Goldman Sachs, the US securities house, on selected chemicals stocks had a bad affect on BOC, which fell 18 to 667p.

Recent negative comment by SG Warburg continued to gnaw away at Coats Viyella, which gave up 5 to 236p in a volume of 1.1m. Courtaulds, the stock Warburg advised investors to switch into, edged up to 540p.

In banks, Abbey National edged forward a penny to 412p supported by a recommendation from Kleinwort Benson.

Broadcasting stocks held firm against the market with Carlton Communications adding 2 to 781p, Anglia moving up a penny to 343p and Scottish TV and Yorkshire-Tyne Tees holding their price at 551p and 204p respectively.

MARKET REPORTERS:
Steve Thompson,
Joel Kibazo,
Christopher Price.

■ Other statistics, Page 12

CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises			
Chartwell	25	+	3
Cliff Resources	37½	+	2½
Crabtree	214	+	11
Reuters	1415	+	22
Ryan Hotels	20	+	2¾
Securiguard	340	+	25
Sth. Elect.	497	+	15
Vega	149	+	13
Wilkes (J.)	88	+	6
Falls			
Anglian Water	467	–	12
ASDA	65½	–	6
BOC	667	–	18
Blagden	153	–	10
Bredero	7¾	–	4¼
Brit. Steel	89	–	3¾
Enterprise Oil	473	–	9
Euro Disney	770	–	20
Morrison (Wm.)	133½	–	7½
Nu-Swift	333	–	25
Ramco Oil	117	–	11
Scholl	219	–	14
Shell	612	–	15

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (135).

BRITISH FUNDS (4) Treas. 2½pc IL '13, Treas. 2½pc IL '20, Treas. 2½pc IL '24, Treas. 4⅛pc IL '30, OTHER FIXED INTEREST (3) Irish Cap. 9pc '06, Do 13pc '97-02, Do 8½pc '10, BREWERS (1) Matthew Clark, BUSINESS SERVS (2) Hutchison Wa., Securiguard, CHEMS (1) Porvair, CONGLOMERATES (1) Fletcher Challenge, ELECTRICALS (1). BICC Cap. 10¾pc Cv '20, ELECTRICITY (4) Eastern, Natl. Power, PowerGen, Southern, ELECTRONICS (6) Alba, Elect'comps., Kewill Systems, Polar, Sema, Vega, ENG GEN (2) Dyson, Probex, VSEL, FOOD RETAILING (1) Dairy Farm, HOTELS & LEIS (3) Allied Leis., Forte, Magnolia, INSCE BROKERS (1) Lowndes Lambert, INSCE COMPOSITE (1) Sedgwick, INV TRUSTS (20) Brit. Empire Secs., [illegible] bain, Stanbright, MOTORS (3) Alexanders, European Mtr., Hanlys, OTHER FINCL (8) Caledonia, INVESCO, Jupiter Tyndall, Mercury Asset Mngmt., St. James Pl., Swire Pacific, OTHER INDLS (3) Ambar Indl., Suter, Whitecroft, PACKG, PAPER & PRINTG (2) NMC 7¾pc Pf., Waco, PROP (8) Clayform, Fletcher King, HK Land, Helical Bar, Land Secs. 10pc Db. '25, Do 10pc Db'27, Do 10pc Db. '30, Wimy, Mackay-Lewis, STORES (4) Courts, Fine Art Devlpts., Partridge, Stylo, TEXTS (1) Dewhirst, TRANSPORT (3) Brit. Airways 9¾pc Cv., IoM Steam, TNT, MINES (37).

NEW LOWS (24).

BRITISH FUNDS (2) Exch. 13½pc '94, Treas. 14½pc '94, BLDG MATLS (1) Chieftair, BUSINESS SERVS [illegible]

EQUITY FUTURES AND OPTIONS TRADING

STOCK index futures plunged to a discount to cash for the first time in recent sessions with its 2,900 resistance level smashed, Christine Buckley writes.

The September contract reeled from end-of-account trading, a poor Wall Street opening and general gloom over Europe's economic picture. It closed at 2859, down 21 on its opening, with 8,837 contracts traded. Its estimated fair value premium to cash trailed 9.7 points.

The downward drift was relentless, as institutional investors who had been bullish recently felt the cue to exit. A further body blow was dealt late in the day when 1,000 contracts were sold by an independent trader.

An uncertain opening on Monday is feared.

Large volume in traded options was triggered by the FT-SE and Asda. The FT-SE 100 option bounced by more than 9,000 lots to 14034, largely shaped by August 2,900 calls on fears of market volatility. Total volume was 52,050 with 8,797 lots in Asda on the back of results.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 index constituent.

FINANCIAL TIMES EQUITY INDICES

	July 2	July 1	June 30	June 29	June 28	Year ago	*High	*Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday July 2 1993

Gold Mines Index	+358.22	Oil & Gas	+8.06
Engineering-Aerospace	+37.59	Insurance (Composite)	+8.39
Property	+35.23	Business Services	+7.90
Merchant Banks	+33.99	Packaging, Paper & Printing	+7.65
Contracting, Construction	+27.89	Chemicals	+8.74
Banks	+22.07	Hotels & Leisure	+5.87
Metals & Metal Forming	+21.46	Textiles	+5.61
Financial Group	+21.19	Telephone Networks	+5.15
FT-SE SmallCap ex Inv Tst	+20.77	Other Industrials	+4.25
FT-SE SmallCap	+20.99	Transport	+4.05
Building Materials	+18.36	FT-A All-Share	+3.89
Insurance Brokers	+18.02	Other Groups	+3.48
Electronics	+17.91	FT-SE-A 350	+3.00
Insurance (Life)	+16.30	"500" Share Index	+0.77
Electricals	+14.80	Conglomerates	+0.64
Electricity	+14.67	FT-SE 100	+0.39
Capital Goods	+14.30	Industrial Group	+0.17
Investment Trusts	+14.12	Stores	-0.32
Engineering-General	+13.26	Food Manufacturing	-1.62
FT-SE Mid 250 ex Inv Tst	+13.15	Water	-2.28
FT-SE Mid 250	+12.99	Consumer Group	-7.78
Media	+10.46	Brewers & Distillers	-9.75
Motors	+9.54	Food Retailing	-12.12
		Health & Household	-23.24

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BELGIUM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CANADA *	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DENMARK	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FRANCE BTAN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FRANCE OAT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GERMANY	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JAPAN No 119	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JAPAN No 145	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NETHERLANDS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SPAIN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UK GILTS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US TREASURY *	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU (French Govt)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

London closing. *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	28	19	31	222	65	97
Other Fixed Interest	3	3	8	34	8	33
Commercial, Industrial	159	352	897	1,226	1,316	4,473
Financial & Property	84	192	542	778	580	2,638
Oil & Gas	24	30	49	65	98	252
Plantations	0	0	8	1	4	35
Mines	68	19	52	260	131	304
Others	12	48	73	170	241	273
Totals	338	663	1,663	2,754	2,443	8,106

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2857.7 -31.1	3234.8 -6.9	1416.83 -12.10

	Jul 2	Day's change %	Jul 1	Jun 30	Jun 29	Year ago	Dividend yield %	Earnings yield %	P/E ratio	Xd adj ytd	Total Return	1993 High	1993 Low	Since Compilation High	Since Compilation Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	High/day	Low/day
FT-SE 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2857.7	[illegible]	2857.0
FT-SE Mid 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE Actuaries 350 Industry Baskets

										Prev close	change
Constrctn	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Health &H	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Water	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Equity section or group	Base date	Base value
[illegible]	[illegible]	[illegible]

Period	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Sheppards Unit Trust Mngmt Ltd (1200)F
1 White Hart Yard, London Bridge SE1 071-407 5966

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income	5	394.78	394.78	419.98	-0.86	4.2
Global Inc	5	80.45	80.45	84.31	-0.62	3.02
Brit Leaders	3	308.42	308.42	328.11	-1.02	2.10
Intl Leaders	5	190.19	190.19	202.33	-1.44	0.64
[illegible]	3¼	55.03	56.58	58.78	+0.13	2.89

Singer & Friedlander UT Mgmt Ltd (1000)F
PO Box 224, Beckenham, BR3 4TF 081-663 3003

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Trust	0	52.30	52.30	55.63	-0.7	1.32
Far Eastern Tst	0	62.23	63.06	67.08	-0.34	0.75
Smaller Cos	0	157.1	161.8	172.1	-0.3	1.89

Smith & Williamson Unit Tst Mgrs (1600)F
1 Riding House St, London W1A 3AS. 071-637 5377

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
S & W American	0	267.9	268.4	284.0	+2.1	0.86
S & W Capital	0	119.9	119.9	126.6	-0.2	1.44
S & W Cash	0	101.24	101.24	101.24	+0.01	5.28
S & W European	3	112.0	112.1	118.0	-0.3	1.00
S & W Far Eastern	3	147.9	149.5	158.1	+1.7	0.00
S & W Growth	3	127.1	129.9	136.4	-0.1	1.17
S & W Income	5	114.8	116.0	122.7	-0.2	4.50
S & W Magnum	5	124.7	124.7	133.8	-0.2	1.66
S & W Smllr Secs	3	319.3	326.2	346.1	+0.1	0.45
S & W Thoroughbrd	3	148.4	148.4	157.1	-0.7	1.51

Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

Standard Life Tst Mgmt Ltd (0730)H
3 George St, Edinburgh EH2 2XZ 0800 393777

Fidelity Investment Services Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Exempt American Portfolio	138.7	141.1	-2.40	0.00
Mngd Pens P'folio	176.6	180.0	-1.30	0.00

Fledgeling Charity Portfolio
25 Copthall Avenue EC2R 7DR 071-638 5858

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity	£1.1804	1.1685	-0.0033	3.91
Bond	£1.0355	1.0601	+0.0017	8.50

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Unit Management Ltd

Funds in Court*

*Restricted to monies under Court control

Govett (John) Unit Mngmt Ltd

Henderson Unit Trust Management Ltd

INVESCO Asset Management Ltd

Lazard Brothers & Co. Ltd

INSURANCES

OTHER UK UNIT TRUSTS

[illegible]

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Providence Capital Life Assc. Co Ltd - Contd.				
Alpha Pension Funds				
UK Alpha	231.0		-1.7	-
US Alpha	120.3		-2.1	-
Gilt Alpha	87.6			-
Gold Alpha	98.5		-0.3	-
Japan Alpha	44.8		-1.0	-
US Dollar Alpha	75.6		-1.1	-
Yen Alpha	51.0		-1.0	-
DM Alpha	88.8		-0.1	-
European Alpha	87.7		-0.3	-
Provident Life Assoc Ltd				
Provident Way, Basingstoke RG21 2SZ			0256 470707	
Gold Range (Pensions)				
Discretionary Fund	108.1		-0.4	-
Provident Mutual Life Assc. Assn.				
8 Hills Way Stevenage Herts SG1 2ST			0438 732000	
Managed Ord	418.3	440.3	-3.3	-
Managed Init	295.5	311.1	-2.3	-
Equity Ord	625.2	658.1	-5.7	-
Equity Init	441.6	464.8	-4.1	-
Index Linked Gilt Ord	198.3	208.6	+0.2	-
Index Linked Gilt Init	144.8	152.4	+0.1	-
Overseas Equity Ord	334.6	352.5	-4	-
Overseas Equity Init	236.6	249.1	-2.8	-
Property Ord	228.7	240.7	+0.1	-
Property Init	161.5	170.0	-	-
Fixed Interest Ord	265.2	279.2	-	-
Fixed Interest Init	187.3	197.2	-0.1	-
Deposit Ord	196.6	207.3	-	-
Deposit Init	139.1	146.4	-	-

	Bid Price	Offer Price	+ or -	Yield Gross
Scottish Amicable				
150 St Vincent St, Glasgow			041-248 2323	
Life Funds (First Series)				
Managed	407.5	428.8	-2.40	-
Equity	509.0	536.1	-3.00	-
Property	243.4	256.3	+1.30	-
International	400.3	421.4	-3.50	-
Japanese	114.9	120.0	-0.00	-
Asia Pacific	142.0	149.8	+1.20	-
European	108.7	172.4	-0.70	-
American	144.9	152.6	-0.80	-
Fixed Interest	344.7	362.9	+1.00	-
Index-Linked Gilt	189.4	199.4	+0.20	-
Cash	220.4	232.1	+0.10	-
Life Funds (Second Series)				
Managed	113.4	119.4	-0.70	-
Equity	109.5	115.3	-0.70	-
Property	102.4	107.8	+0.60	-
International	123.7	130.3	-1.10	-
Japanese	114.2	120.3	-3.00	-
Asia Pacific	139.3	146.7	+1.20	-
European	105.8	111.8	-0.70	-
American	141.7	149.2	-0.80	-
Fixed Interest	129.0	135.5	+0.40	-
Index-Linked Gilt	120.5	126.9	+0.10	-
Cash	109.4	115.2	-	-
Pension Funds				
Building Society	173.8	183.0	+0.10	-
Managed (Init)	235.2	247.6	-2.00	-
Managed (Acc)	467.4	492.0	-3.70	-
Equity (Init)	265.1	279.1	-2.30	-
Equity (Acc)	528.6	554.6	-4.20	-
Property (Init)	143.7	151.3	+1.00	-
Property (Acc)	285.5	300.6	+2.10	-
International (Init)	237.0	249.5	-2.80	-
International (Acc)	471.0	495.8	-4.80	-
Fixed Interest (Init)	230.8	242.8	+0.50	-
Fixed Interest (Acc)	458.3	482.5	+1.20	-
Cash (Init)	153.9	162.1	-	-
Cash (Acc)	306.0	322.2	+0.20	-
Others				
Capital Guarantee Bond	99.5	104.9	-0.60	-

Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	552.1	581.2	-5	-
Managed Init	390.0	410.5	-0.8	-
Equity Ord	852.7	897.6	-0.8	-
Equity Init	602.3	634.0	-6.8	-
Pen Ind Lnd Gilt Ord	223.8	235.4	+0.3	-
Pen Ind Lnd Gilt Init	164.9	173.6	+0.1	-
Overseas Equity Ord	389.1	409.6	-5.1	-
Overseas Equity Init	274.0	288.4	-0.5	-
Property Ord	292.3	307.7	-	-
[illegible]				

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Init Chge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 606000						
Intl Circuit Portfolio	6	£1.2247	1.2247	1.2980	[illegible]	0.10
Gilt	3	[illegible]	[illegible]	[illegible]	[illegible]	7.78
Prudential Fund Managers (Jersey) Ltd						
PO Box 103, St Helier, Jersey 0534 70000						
Income (A & B)	5	210.8	210.8	221.3	-1.3	3.46
Growth (C & D)	5	317.0	317.5	333.4	-1.9	-
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 27441						
Govt Secs Fd	4	55.76	55.76	58.07	+0.01	7.58
Standard Bank Fund Mgmt (Jersey) Ltd						
PO Box 583, St Helier, Jersey CI 0534 67587						
International Bond	5		16.02	16.85	-	4.54
Sterling Bond	3		[illegible]	10.21	+0.01	[illegible]
Sterling Cap			42.80	42.82	+0.07	[illegible]
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 503002						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	101.24	101.24	104.28	-1.34	6.00
Gilt & Fixed Interest	3	117.81	117.81	122.13	-3.06	7.59
International Bond	5	135.60	136.60	143.80	-0.65	3.55
UK Equity	5	[illegible]	263.01	[illegible]	[illegible]	4.93
International Equity	5	178.01	161.34	190.80	-1.30	1.25
Far Eastern	5	[illegible]	[illegible]	177.44	-1.10	0.00
European	5	125.30	125.92	132.60	[illegible]	0.00
Pan American	5	[illegible]	[illegible]	[illegible]	[illegible]	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	105.30	105.30	[illegible]	-2.09	7.65
Monthly Share	3	105.53	105.55	[illegible]	-0.64	7.71

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Asian Selection Funds				
China	$8.458	8.900	-0.040	0.0
Hong Kong	$30.551	32.159	+0.070	0.4
Indonesia	$10.347	10.895	-0.042	0.0
Japan	$9.606	10.111	-0.017	0.0

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3 pm)

CANADA (3 pm)

JAPAN

INDICES

NEW YORK

DOW JONES

	July 1	June 30	June 29	June 28	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3510.54	3516.08	3518.85	3530.20	3554.83 (27/5)	3241.95 (20/1)	3554.83 (27/5/93)	41.22 (2/7/32)
Home Bonds	107.82	107.61	107.75	107.60	107.75 (29/6)	103.49 (11/1)	501.97 (27/4/93)	54.99 (1/10/81)
Transport	1553.91	1549.92	1530.59	1533.11	1683.08 (16/4)	1453.84 (4/1)	1683.08 (16/4/93)	12.32 (8/7/32)
Utilities	245.32	244.79	244.68	245.65	247.08 (16/4)	217.14 (8/1)	247.68 (16/4/93)	10.50 (8/4/32)

DJ Indl. Day's High 3542.10 (3543.48) Low 3487.29 (3483.11) (Theoretical♣)
Day's High 3523.00 (3526.04) Low 3503.62 (3512.76) (Actual♣)

STANDARD AND POOR'S

	July 1	June 30	June 29	June 28	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	449.02	450.53	450.89	451.85	456.33 (10/3)	429.05 (8/1)	456.33 (10/3/93)	4.40 (1/6/32)
Industrials♥	511.67	514.26	516.11	516.17	524.99 (10/3)	498.48 (28/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	45.19	45.15	44.98	45.33	46.67 (13/4)	39.69 (8/1)	46.87 (13/4/93)	8.64 (1/10/74)
NYSE Composite	248.84	249.10	249.08	249.52	251.36 (10/3)	238.21 (8/1)	251.36 (10/3/93)	4.46 (25/4/42)
Amex Mkt. Value	435.87	434.24	433.52	432.88	440.95 (4/6)	395.84 (8/1)	440.95 (4/6/93)	29.31 (9/12/72)
NASDAQ Composite	703.59	703.95	701.07	702.83	708.85 (4/2)	645.87 (26/4)	708.85 (4/2/93)	54.87 (31/10/72)

	Jun 25	Jun 18	Jun 11	year ago (approx.)
Dow Industrial Div. Yield	2.95	2.95	2.93	3.14
	Jun 30	Jun 23	Jun 16	year ago (approx.)
S & P Industrial div. yield	2.51	2.55	2.51	2.72
S & P Indl. P/E ratio	25.42	25.04	25.47	26.03

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Sunshine Min	8,439,700	2⅜	+ ¼
Humana	6,381,800	12⅛	+ ⅞
Telefonos	6,164,600	47	+ ¼
YPF Sociedad	4,273,100	21¼	- ½
Merck	3,880,400	35	- ½
Carter Haw	3,261,800	13⅞	- ⅝
Homestake	2,885,200	20⅛	+ 1
West Elec	2,761,700	16½	+ ¼
Pfizer	2,348,400	65	- 2
Amax Gold	2,299,000	9⅞	+ ½

TRADING ACTIVITY

† Volume (Millions)	July 1	June 30	June 29
New York SE	281.222	280.860	272.988
Amex	20.414	16.923	19.057
NASDAQ	255.787	265.901	251.046
NYSE			
Issues Traded	2,583	2,545	2,547
Rises	1,184	1,121	958
Falls	816	835	971
Unchanged	583	589	610
New Highs	105	98	181
New Lows	22	33	31

CANADA

TORONTO

	July 1	June 30	June 29	June 28	1993 HIGH	1993 LOW
Metals & Minerals	(c)	2978.49	2944.78	2933.46	3000.97 (21/6)	2743.91 (21/1)
Composite	(c)	3986.37	3983.23	3985.50	3991.77 (25/6)	3275.80 (21/1)
MONTREAL Portfolio	(c)	1887.14	1882.07	1827.45	1939.10 (25/6)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♣ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation. ‡ Correction.

WORLD INDICES

	July 2	July 1	June 30	June 29	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1788.9	1755.3	1738.8	1718.5	1788.90 (2/7)	1495.00 (13/1)
All Mining (1/1/80)	820.3	794.4	780.7	764.9	820.30 (2/7)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	337.46	341.88	340.83	342.79	357.78 (9/3)	300.28 (14/1)
Traded Index (2/1/91)	840.00	852.58	851.70	857.39	880.53 (28/6)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1282.28	1292.36	1279.83	1268.05	1292.36 (1/7)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	313.13	314.77	314.85	314.07	314.85 (30/6)	261.88 (4/1)
FINLAND						
HEX General (28/12/90)	1173.3	1168.5	1164.9	1161.1	1248.20 (21/5)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	535.36	541.71	538.42	542.71	547.37 (30/3)	471.24 (13/1)
CAC 40 (31/12/87)	1941.15	1980.15	1971.87	1977.50	2035.91 (30/3)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	661.08	664.80	669.39	661.07	675.70 (10/3)	598.92 (14/1)
Commerzbank (1/12/53)	1881.2	1891.1	1874.7	1880.6	1906.10 (10/3)	1694.30 (14/1)
DAX (30/12/87)	1697.81	1706.63	1697.63	1708.33	1717.40 (11/3)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	7217.93	7205.36	7099.28	7107.47	7447.24 (27/5)	5437.50 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1632.46	1634.37	1629.01	1622.21	1634.37 (1/7)	1181.19 (11/1)
ITALY						
Banca Comm. Ital. (1972)	538.06	534.78	536.15	535.41	558.17 (20/5)	446.33 (8/1)
MIB General (4/1/93)	1166.0	1180.0	1183.0	1181.0	1236.00 (20/5)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	19821.46	19824.61	19590.00	19543.42	21076.00 (3/6)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1586.03	1591.63	1580.25	1581.26	1678.15 (3/6)	1250.06 (25/1)
2nd Section (4/1/68)	2230.44	2241.79	2235.79	2233.93	2384.97 (7/6)	1661.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	734.73	719.84	721.17	720.56	748.29 (11/6)	614.28 (13/1)
NETHERLANDS						
CBS Tt.Rtn.Gen.(End 1983)	347.7	348.5	348.8	347.1	349.30 (1/7)	295.70 (4/1)
CBS All Shr (End 1983)	228.2	229.2	228.9	227.8	229.20 (1/7)	198.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	818.97	819.34	813.45	808.70	827.94 (8/6)	669.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1583.97	1587.04†	1577.41	1588.78	1854.39 (5/5)	1270.98 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	450.57	447.97	448.70	452.56	468.49 (31/5)	384.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1992.0♥	1943.0	2010.0	1876.0	1992.00 (2/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4675.0♥	4682.0	4696.0	4692.0	4713.00 (25/6)	4033.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	746.88	753.26	748.87	745.69	777.25 (9/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	259.30	260.31	259.84	258.04	264.92 (22/6)	215.68 (4/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1088.6	1090.9	1083.0	1077.9	1098.20 (27/5)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1039.7	1041.1	1042.5	1042.1	1042.80 (30/6)	904.80 (11/1)
SBC General (1/4/87)	809.4	811.8	810.0	810.3	811.80 (1/7)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	3921.85	(c)	3995.31	4087.83	5013.28 (7/4)	3088.49 (8/1)
THAILAND						
Bangkok SET (30/4/75)	887.92	(c)	877.52	878.77	938.44 (25/1)	818.84 (1/6)
WORLD						
M.S. Capital Intl.(1/1/70) $	590.8*	588.7	587.3	583.6	676.30 (9/6)	488.60 (13/1)
Euro Top-100 (26/6/90)	1005.87	1012.20	1012.86	1010.28	1012.86 (30/6)	862.73 (13/1)

**Saturday June 26: Taiwan Weighted Price; 4143.28, Korea Comp Ex. 749.27.
♥ Subject to official recalculation. † Adjusted. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

WORLD STOCK MARKETS

AMERICA

Dow tumbles on weak June jobs report

Wall Street

US SHARE prices tumbled across the board yesterday in the wake of a surprisingly weak June employment report, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was down 26.85 at 3,483.59. The more broadly based Standard & Poor's 500 was 3.31 lower at 445.71, while the Amex composite was down 1.44 at 434.43, and the Nasdaq composite down 1.69 at 701.90. Trading volume on the NYSE was relatively light ahead of the long holiday weekend and totalled 142m shares by 1 pm.

Prices dropped from the opening, as investors registered their unhappiness with the June jobs data. Although the rise in the national unemployment rate, from 6.9 per cent to 7.0 per cent, had been expected, the meagre increase of 13,000 in non-farm payrolls – the key component of the report – was a big disappointment. *Analysts had* forecast that payrolls would rise between 100,000 and 150,000.

Although the April and May payroll numbers were revised upwards, a fact which slightly blunted the negative impact of the June figures, the data provided yet further evidence that the US economy is growing extremely slowly, and that the condition of the labour market is far from healthy.

At least Treasury prices drew strength from the jobs figures, with the benchmark 30-year bond rising by a quarter of a point to 105⅜, and the yield dropping to 6.662 per cent. The rise in bonds helped restrict the losses in equities, although the Dow took a relatively big hit as leading cyclicals stocks ran into early selling.

Among the declining cyclicals, Aluminum Company of America slipped $⅞ to $71¼, International Paper $¾ at $64⅞, Caterpillar $⅞ to $73⅞ and Georgia-Pacific $⅛ to $60⅝.

Drug stocks were also under fire. Pfizer dropped $1⅛ to $63⅞, Merck fell $¾ to $34⅝, Bristol-Myers Squibb eased $⅞ to $56⅝ and Schering-Plough gave up $1 at $67⅞.

IBM dropped $1⅛ to $47⅞ in busy trading on reports that the company will take a $2bn charge in the second quarter to pay for workforce reductions.

General Electric bucked the market trend, rising $⅞ to $95⅞, after the company predicted record earnings for the second quarter, and said that it would be taking a charge to cover accounting changes.

TJX tumbled $3⅞ to $29⅞ in volume of 1.4m shares after broking house First Manhattan downgraded the retail group's stock from "buy" to "hold".

Canada

AT one point, Toronto looked as if it would test the 4,000 mark again on the TSE 300 composite index, which hit 3,995 before easing to 3,985.57, up 19.20, at noon. The rise was driven by precious metals stocks, up 4.4 per cent at one stage as cash gold rose from $378.50 to $387.25 in New York.

Volume rose from 37.5m to 37.7m shares. The gold and silver index eased later, showing a 3.6 per cent gain in early afternoon. Mitel rose C$1⅛ to C$7, Stelco A by 15 cents to C$2.45 and TVX Gold by C$⅜ to C$6⅝.

SOUTH AFRICA

GOLD shares again performed strongly, although late selling left prices off the day's highs. The index rose to a 2,044 high in morning trade before coming back to close 49 higher at 1,992, a 2.5 per cent gain on the day.

The industrial index, under pressure from Richemont, down R1.50 at R40.50, lost 7 to 4,675. The overall index added 48 to 4,147.

Dramatic gearing for UK holdings in Japan

The appreciation of the yen has combined with the climb in Tokyo equities, writes Adrian FitzGerald

With the wonderful benefit of hindsight, it is easy to see that a prime buying opportunity existed at this time last year. Investors had become totally despairing of Japan.

Equities had fallen almost 60 per cent from their December 1989 high and still appeared to be in free-fall. And the $32bn pumped into the Japanese market by foreign investors during the previous 12 months was beginning to be recognised as good money thrown after bad.

Those adventurous investors have bad their reward. The Tokyo market is up by only 29 per cent on a year ago, and consequently is still some 45 per cent below that 1989 high. But this is a lot better than most other markets.

The cream has come, however, in the form of the added currency contribution. Over the past year the yen has risen by 18 per cent against the dollar and by 50 per cent against sterling. This has resulted in a sterling total return from Japan of 96 per cent and a dollar equivalent return of 54 per cent.

Confining the statistics to the first six months of 1993 shows that Japan is certainly on track to dominate fund performances this year. Europe has produced a reasonably solid performance, but Wall Street has done little more than tread water.

The net result has been a total return on the FT-A World Index of 17 per cent in sterling terms and 18 per cent in dollar terms.

The implication of this first half outcome is that UK-based pension funds will have been struggling to keep up with any indices.

On the home front, the rise of 3⅛ per cent in the UK component of the World Index conceals a gain of just 2 per cent by the top 100 companies, but a gain of 16 per cent by the rest of the market.

This divergence within the UK market is an industry-, as well as a size-effect. The divergence began on Black (Golden?) Wednesday in September last year when the UK suspended its membership of the Exchange Rate Mechanism. Investors have been chasing the cyclical stocks and sectors *higher ever since, scenting the* possibility of some economic recovery following the collapse in sterling and the decline in interest rates.

Contrarian investors who built up overweight holdings in these areas earlier in 1992 have a right to feel smug. The sterling performances achieved by the overseas portions of the UK-based funds are likely to have been very diverse.

The combination of an overweight position in continental Europe and an underweighting in North America will have served to improve performance relative to the FT-A World ex-UK index.

Offsetting this, of course, will be the typically underweight position in Japan.

The main determinant for many funds will be the extent to which their exposure to other Far Eastern markets, which tends to be far higher than the index, has compensated for Japan.

Those investors caught short in Japan are probably heaving a sigh of relief now that the political and economic scene is frozen, pending the outcome of the election later this month.

The consensus view seems to be that the market and currency will follow suit, and do little until some of the uncertainties are removed.

In fact, most international investors appear to have resigned themselves to a dull second half to the year. There are no signs of the froth which accompanies bull peaks, but neither are there bargains in obvious abundance.

All eyes will be on Wall Street for signs of any definite trend. US stock ratings are high by historical standards but, nevertheless, they can be justified by the interest rate background and the low returns available on alternative, domestic assets.

The problem comes, as it will come shortly, when interest rates start to rise out of their recent trough. Indeed, there is every likelihood that the pattern of previous presidential cycles will be repeated: the need for a tightening in both monetary and fiscal policies following a pre-election period of considerable easing. This implies an equity market correction in the not too distant future.

Investors in the UK market also have to face up to the fact that an interest rate trough could well have been reached. It could be late into next year, however, before the consequences of rising interest rates have to be faced again, assuming that inflation continues to behave itself in the meantime.

The main risk to the market in the short term is that ambitious expectations for a sharp earnings recovery fail to be met. With the market on a rating last seen in mid-1987, investors in the UK market are already taking a lot on trust.

Most of the rest of Europe lags some way behind the US and the UK in terms of the economic cycle and so the imponderables are even greater. The current year prospects for Germany, in particular, are still the subject of sharp downgradings and any renewed growth in 1994, if it occurs at all, it is expected to be modest.

On the face of it, therefore, it looks like the second half of the year is going to be quiet. There are no obvious big opportunities; just early signs of potential pitfalls. But, no doubt, contrarian investors would argue that such widespread malaise is a sure indicator of dramatic market behaviour to come.

Adrian FitzGerald is Director, Equity Research, NatWest Securities.

TOTAL RETURNS TO END-JUNE 1993

	Last 12 months £	Last 12 months $US	Last 12 months local	Last 6 months £	Last 6 months $US	Last 6 months local
UK	22.1	(4.2)	22.1	5.6	4.2	5.8
US	45.3	14.0	14.0	6.3	4.9	4.9
Japan	96.3	54.0	30.6	42.3	40.4	20.0
Europe ex UK	24.6	(2.3)	13.1	11.6	10.1	11.6
Pacific Basin ex Japan	40.7	10.3	15.2	22.5	20.8	21.5
World	50.5	18.1	18.5	17.1	15.5	11.5

Statistics based on FT-A World Indices data

EUROPE

Bourses incline lower as profit-taking takes hold

WITH the Bundesbank's interest rate action already discounted, and almost predigested, bourses waited for the US June jobs data and were duly depressed, *writes Our Markets Staff.*

FRANKFURT was an apparent exception, the 8.82 fall in the DAX to 1,697.81 over the official session leaving it a fraction higher on the week and only a shade lower than it ended in the post-bourse on Thursday.

This was considered quite reasonable, given scope for profit-taking after recent gains in equities, and the fall in the bond market where the Bundesbank's average hond yield rose by 4 basis points to 6.53 per cent.

Turnover eased from DM6.6bn to DM6.2bn, but Mr Patrick Bettscheider, equity dealing head at Bank Julius Bär in Frankfurt, said that the bank – which has the DAX on a 1993 p/e of 16.8 – saw strong US demand for scrip, and that foreign demand for German equities had been a feature of its business over the past six weeks.

Cyclicals continued to lose ground with the automotive and industrial group, Daimler-Benz, down DM8.80, or 1.4 per cent to DM606.50.

But Continental, the tyre-maker, rose 50 pfg to DM212.50 after saying that it bad made a profit in the first five months of the current year, in spite of a 10 per cent drop in sales.

PARIS had already discounted the 25 basis point cut in the intervention rate and the CAC-40 index drifted lower on pre-weekend profit-taking. It closed down 19.00 at 1,941.15, off 1 per cent on the week.

Peugeot managed a rise of FFr6 to FFr585, having announced a 5 per cent fall in June sales.

The weaker oil price depressed Total, off FFr5.50 at FFr274.00 while Elf, ex a FFr13 dividend, finished down a net FFr3.30 at FFr390.20.

Rhône-Poulenc, which is raising FFr4bn by issuing securities to reduce short-term debt, put on FFr9 to FFr585.

MILAN remained extremely active in telecommunications stocks ahead of privatisation, while Olivetti joined the list of positively performing stocks, rising L110 to L1,595.

Strength in these sectors offset continued weakness in Fiat, following a bad earnings forecast this week, down L120 at L6,140, a fall of 2.5 per cent over the week. The group yesterday announced plans to raise L2,000bn from a syndicated loan.

The Comit index finished up 3.28 at 538.06, up 0.7 per cent on the week. The market's attention was also directed to progress in the wage talks, with the government setting a deadline of today for agreement. Some analysts believe that a further cut in domestic interest rates remains conditional on a deal being achieved.

Among the telecoms stocks, Stet gained L30 to L3,650 and Sip L35 to L2,699.

AMSTERDAM moved modestly lower, with the CBS Tendency index down 0.2 at 112.5, a week's gain of 0.9 per cent. Polygram moved to a year's high, up Fl 1.10 at Fl 53.90, while Philips lost 20 cents to Fl 30.10.

BRUSSELS fell on profit-taking although the BFr20 drop to BFr1,264 in the retailer, Delhaize, reflected disappointing half-year results from its US unit, Food Lion.

The Bel-20 index ended 10.10 lower at 1,282.26, up 1.3 per cent on the week, in turnover of BFr1.3bn.

VIENNA dropped 1.5 per cent after Thursday's smaller than expected, quarter-point cut in Austrian interest rates, the ATX index ending 12.58 lower at 840.00.

ISTANBUL gained 5.8 per cent on expectations that the new cabinet would win approval. Activity was concentrated in state-run companies which are privatisation candidates. The index gained 649 to 11,794.7.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

July 2 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1208.12	1207.87	1205.97	1204.61	1203.91	1203.57	1202.18	1201.31
FT-SE Eurotrack 200	1265.79	1264.52	1265.15	1262.79	1262.27	1263.05	1260.80	1259.19

	Jul 1	Jun 30	Jun 29	Jun 28	Jun 25
FT-SE Eurotrack 100	1213.21	1208.99	1207.97	1210.15	1202.12
FT-SE Eurotrack 200	1270.98	1268.14	1263.58	1265.02	1254.87

Base value 1000 (26/10/90). Highday: 100 - 1208.65; 200 - 1266.45 Lowday: 100 - 1200.43 200 - 1257.34.

ASIA PACIFIC

Australia is lifted by rise in gold stocks

Tokyo

RUMOURS that a new stock futures contract based on a 350 issue price index will replace the Nikkei 225 futures in November prompted a fall in the futures markets and share prices lost ground on arbitrage selling, *writes Emiko Terazono in Tokyo.*

The Nikkei average gave up 303.15, or 1.5 par cent, to 19,621.46, barely changed on tha week. The index hit the day's high of 19,932.19 just after the opening, but soon lost ground, falling to the day's low of 19,561.06 during the afternoon session.

Volume remained helow 300m shares for the eighth consecutive day at 230m shares against 231m. Declines led advances by 685 to 286 with 183 unchanged. The Topix index of all first section stocks lost 12.00 to 1,536.03 and, in London, the ISE/Nikkei 50 index added 3.25 to 1201.59.

Insolvency at Nikkatsu *had* already been discounted into share prices, said traders, and had little effect on the market. The movie producer and distributor, which filed for court protection under the bankruptcy law on Thursday, was transferred to the liquidation post yesterday, ahead of its delisting in October. Nikkatsu, a component stock of the Nikkel 225 ,will he replaced by Shionogi, the pharmaceutical company.

Nikkatsu came under heavy selling pressure yesterday, and closed at an offered price of Y149. Shionogi gained strongly on heavy huying, closing up Y65 to Y1,050 in active volume.

Rohm, the integrated circuit maker, which announced on Wednesday that its US subsidiary had won a patent for flash memory chips, once again failed to trade and closed at a bid price of Y3,210.

Broadcasting companies were higher on reports that Fujl Television Network, a leading television and radio network, was planning to list its shares. Tokyo Broadcasting System rose Y20 to Y1,410 and Nippon Television Network gained Y100 to Y19,200.

In Osaka, the OSE average fell 155.89 to 21,763.23 in volume of 14.1m shares.

Roundup

THE rise in the price of bullion provided an impetus to some of the region's markets yesterday.

AUSTRALIA moved higher on buying of gold stocks after a sharp increase in the hullion price. The gold index advanced 143 to a new five-and-a-half-year record of 2,104.0 while the *All Ordinaries index* improved 13.6 to 1,768.9, up 4 per cent on the week.

Turnover was strong at $438.5m. Among gold stocks, Newcrest Mining surged 45 cents to A$4.75 and Plutonic 30 cents to A$6.40.

Commonwealth Bank rose 6 cents to A$8.76 ahead of the government's announcement after the close that it will bring forward the sale of a 19 per cent stake.

HONG KONG was divided over how to interpret talks between Mr Chris Patten, the governor, and the UK government which took place in London on Thursday. The Hang Seng index put on 12.55 to 7,217.93, a week's gain of 2.9 per cent. Turnover was *HK$4.7bn.*

News that Mr Zhu Rongji, the Chinese vice-premier, had taken on the additional post of governor of China's Central Bank came after the market closed. Some analysts commented that the appointment could mean that China will move to control the sharp growth in bank credit.

NEW ZEALAND rose to its highest level since May 1990 in bectic post-budget trading. Tha NZSE-40 index closed up 12.58 at 1,699.07, a week's rise of 2.6 per cent. Turnover was a strong NZ$60.4m.

Brokers noted that the rally had been driven by lower domestic interest rates and the fact that no tax changes were proposed in the hudget. Fletcher Challenge gained 6 cents to NZ$2.92.

BANGKOK was stronger on interest in speculative issues. The SET index rose 10.40 to 887.92, down 1 per cent on the week. Turnover was Bt6.95bn.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited In conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY JULY 1 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY JUNE 30 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993 High	1993 Low	Year ago (approx)
Australia (68)	133.44	+1.3	131.15	90.69	117.87	133.44	+1.1	3.75	131.71	130.75	88.88	116.72	131.97	144.16	117.39	147.43
Austria (18)	147.24	+0.3	144.71	99.96	130.06	129.72	+0.0	1.50	146.87	145.80	99.11	130.15	129.88	150.96	131.16	173.08
Belgium (42)	148.46	+1.2	145.91	100.78	131.13	127.77	+0.9	4.48	146.72	145.65	99.00	130.02	126.64	156.76	131.19	146.94
Canada (108)	127.25	-0.5	125.06	86.38	112.39	118.72	+0.0	2.84	127.84	126.91	86.26	113.28	118.72	130.38	111.41	126.16
Denmark (33)	218.14	-0.1	214.39	148.10	192.69	193.96	-0.4	1.16	218.25	216.66	147.28	193.41	194.65	225.64	185.11	245.34
Finland (23)	92.56	-0.9	90.97	62.84	81.76	109.76	-0.7	1.11	93.37	92.68	63.00	82.74	110.57	100.92	65.50	78.65
France (96)	153.02	-0.2	150.39	103.88	135.15	137.72	-0.3	3.28	153.32	152.20	103.45	135.86	138.17	167.36	142.72	163.07
Germany (60)	109.91	+1.1	108.02	74.63	97.08	97.08	+0.7	2.19	108.76	107.97	73.40	96.38	96.38	117.10	101.59	128.50
Hong Kong (55)	290.66	+1.2	285.67	197.33	256.76	289.49	+1.4	3.26	287.16	285.06	193.77	254.48	285.47	301.61	218.82	256.69
Ireland (15)	162.80	+0.4	160.01	110.53	143.80	160.14	+0.3	3.37	162.10	160.91	109.38	143.64	159.67	170.40	129.28	158.02
Italy (70)	67.85	+0.4	66.69	46.06	59.93	78.24	+0.3	1.99	67.61	67.11	45.62	59.91	78.01	72.82	53.78	67.74
Japan (470)	147.61	+0.6	145.08	100.21	130.40	100.21	+1.2	0.83	146.78	145.69	99.03	130.07	99.03	155.96	100.75	101.77
Malaysia (69)	324.82	-0.3	319.24	220.51	286.91	322.57	+0.1	2.09	325.92	323.54	219.91	288.81	322.40	349.34	251.66	241.54
Mexico (19)	1502.56	-2.3	1476.75	1020.06	1327.22	5144.50	-1.9	0.96	1538.59	1527.36	1038.22	1363.45	5241.79	1725.81	1410.30	1446.51
Netherland (24)	167.13	+0.3	164.26	113.46	147.63	145.43	+0.0	3.78	168.69	165.47	112.48	147.72	145.39	172.75	150.39	163.24
New Zealand (13)	50.55	+1.5	49.69	34.32	44.66	49.56	+0.5	4.50	49.81	49.45	33.61	44.14	49.31	50.55	40.56	46.75
Norway (22)	155.47	+1.6	152.80	105.55	137.33	151.67	+1.4	1.74	152.98	151.86	103.23	135.57	149.61	168.21	137.71	170.26
Singapore (38)	249.51	-0.1	245.23	169.39	220.39	186.85	+0.2	1.85	249.74	247.92	168.53	221.31	186.56	282.72	207.04	222.18
South Africa (60)	200.25	+0.7	196.81	135.94	176.88	205.60	+0.6	2.45	198.90	197.45	134.21	176.25	204.43	201.01	144.72	221.10
Spain (45)	125.49	+0.1	123.34	85.20	110.85	123.21	-0.2	4.78	125.33	124.42	84.57	111.06	123.43	132.82	115.23	150.79
Sweden (36)	169.83	+0.7	166.92	115.30	150.02	193.65	+0.2	1.74	168.71	167.48	113.84	149.51	183.18	184.06	149.70	196.20
Switzerland (50)	126.96	-0.1	124.78	86.20	112.16	119.13	+0.1	1.93	127.11	126.18	85.78	112.65	119.03	129.36	108.91	112.61
United Kingdom (219)	177.12	+0.7	174.06	120.24	158.44	174.06	-0.3	4.00	175.96	174.67	118.72	155.91	174.67	181.99	162.00	190.09
USA (519)	183.62	-0.4	160.47	124.66	162.20	183.62	-0.4	2.79	184.28	182.94	124.36	163.31	184.28	186.27	175.38	167.75
Europe (753)	144.55	+0.5	142.07	98.13	127.69	136.90	+0.0	3.25	143.87	142.82	97.09	127.50	138.95	149.02	133.92	153.66
Nordic (114)	161.92	+0.4	159.13	109.92	143.02	162.51	+0.1	1.53	161.30	160.12	108.84	142.94	162.41	171.77	142.13	191.40
Pacific Basin (713)	151.19	+0.6	148.59	102.64	133.55	106.82	+1.2	1.10	150.25	149.16	101.39	133.15	105.68	159.07	105.89	108.43
Euro-Pacific (1466)	148.35	+0.6	145.80	100.71	131.03	119.36	+0.7	1.98	147.53	146.45	99.54	130.73	118.55	154.05	117.26	126.72
North America (627)	180.11	-0.4	177.02	122.29	159.12	179.20	-0.3	2.79	180.77	179.45	121.99	160.22	179.82	182.38	171.51	165.14
Europe Ex. UK (534)	124.50	+0.3	122.36	84.54	110.00	115.67	+0.2	2.74	124.08	123.18	83.75	109.98	115.48	128.65	112.51	131.51
Pacific Ex. Japan (243)	186.73	+0.9	183.53	126.79	164.96	173.96	+1.0	3.16	185.05	183.70	124.89	164.00	172.28	194.08	152.70	173.96
World Ex. US (1653)	148.98	+0.5	146.42	101.15	131.60	121.52	+0.6	1.98	148.24	147.15	100.03	131.37	120.75	154.27	118.51	128.56
World Ex. UK (1953)	157.89	+0.1	155.18	107.20	139.48	137.34	+0.3	2.11	157.70	156.55	106.42	139.77	136.91	161.34	134.22	136.15
World Ex. So. Af. (2112)	159.42	+0.2	156.68	108.24	140.83	140.16	+0.2	2.29	159.16	157.99	107.41	141.05	139.81	162.74	137.29	140.30
World Ex. Japan (1702)	167.83	+0.0	164.95	113.95	148.27	163.45	-0.2	2.95	167.86	166.63	113.28	148.77	163.73	170.05	157.47	162.69
The World Index (2172)	159.59	+0.2	156.85	108.35	140.98	140.71	+0.3	2.29	159.32	158.16	107.51	141.20	140.35	162.86	137.32	140.80

Amendments to indices for July 1 applied to South Africa, related regional indices and the World Index. Lates prices were unavailable for this edition. Canadian market closed July 1.

LONDON SHARE SERVICE

BRITISH FUNDS — **BRITISH FUNDS - Cont.** — **BRITISH FUNDS - Cont.**

[illegible]

OTHER FIXED INTEREST

[illegible]

Continued on next page

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or −	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		16½xd	−⅛	20¼	15⅜	14,175	2.5
Allegheny & W	♥	212p	+13	630p	380p	318.0	3.1
Amdahl		358p	—	881p	302¾p	402.0	0.8
Amer Cyanamid		35½	—	38⅝	31¾	3,209	2.9
Amer Express		20⅝xd	−⅛	21⅞	14⅞	9,825	3.1
Amer T & T		41⅞xd	−⅛	42⅞	33¼	86,167	2.0
Ameritech		53⅞	—	54½	48	21,360	4.4
BankAmerica		30⅛xd	−½	30¾	27¾	16,507	2.9
Bankers NY		49⅝xd	+¼	51⅞	42⅞	3,980	4.0
Bell Atlantic		38½	—	38½	32⅛	17,169	4.3
BellSouth		36¾	—	39⅞	32⅞	18,154	4.8
Bethlehem Steel	♥	12⅞xd	−⅛	13⅛	10	1,120	-
Bowater		1308pxd	—	1682p	1283p	471.1	1.9
CPC		27xd	−½	34⅝	26	4,089	3.0
California Engy		1432p	—	1479p	1066p	280.7	-
Chase Manhattan		21½xd	—	24½	17⅞	3,395	3.5
Chrysler		35⅝xd	−⅛	61⅞	21⅛	8,958	1.2
Citicorp		20⅛xd	—	20⅞	13⅞	7,358	-
Colgate-Palm		38⅛xd	−⅞	45⅞	35⅛	6,057	2.0
Cont'l Bank		1592p	—	1677p	1278p	1,596	2.4
Dana		35⅞xd	−⅛	36⅞	28⅞	1,823	2.5
Data General		660p	—	951p	567p	192.1	-
Decora Inds	♥	138p	—	149p	109p	-	-
Dun & Brad		39⅞	—	42⅞	37⅛	6,973	4.6
Eaton	h	29¾xd	—	31⅞	25⅞	2,062	2.3
Echlin		18⅞xd	−⅛	18⅞	15⅛	1,067	2.4
FPL		25⅛xd	−⅛	27⅞	23¼	4,687	6.2
Ford Motor		33⅞xd	−1⅛	39½	28⅞	16,473	1.8
Gen Elect		62⅞xd	−1⅛	65⅛	53⅞	63,987	2.5
General Host	♥	613p	−11	723p	513p	-	4.4
Gillette		30⅞xd	−⅛	42⅞	31⅞	7,938	1.8
Hasbro		20⅞	—	20⅞	20⅞	1,818	0.7

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

STORES

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's
Greenwich Res		19	+1	22¼	5	14.8	-
Hemlo Gold C$		£6⅞		£6⅞	£3½	685.2	1.3
Ivernia West I£		48	-2	57	31	24.1	-
Kells Minls I£		13		13	6	0.31	-
Kenmare		9		13½	6	9.01	-
Melinga Res		15	-½	25½	13½	1.66	-
Navan Res I£		90½	-5	96	25	15.3	-
5pc Ln Notes		90½	+3	90½	25	16.2	-
Oryx Gold		75½		75½	47	-	-
Ovoca Res I£		3½		3½	3½	0.24	-
RTZ		675xd	-4	709	607	6,972	3.9
Vaal Reefs		5¼		5¾	2¾	3.08	-

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 30 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Top Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Φ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # *Price at time of suspension*
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on *prospectus or other* official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xR on capital distribution.

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FINANCIAL TIMES
Weekend July 3/July 4 1993

Sir James Goldsmith's sale of Newmont Mining shares starts surge

Gold price rises to highest level since Gulf war

By Kenneth Gooding, Mining Correspondent

THE PRICE of gold, driven by New York investment fund activity, rose sharply again yesterday to close in London at $390 a troy ounce, its highest level since the Gulf war 30 months ago.

Share prices of gold mining companies world-wide followed the precious metal upwards.

The latest gold surge started on Wednesday after Sir James Goldsmith, the international financier, announced he was to sell another big block of shares in Newmont Mining, North America's largest gold producer, and buy gold bullion instead.

Gold moved up $5.25 an ounce on Thursday in London and rose another $6.50 yesterday.

Some analysts, however, suggested that gold's rise had more to do with the rains which have prevented soya beans being sown across a wide area of the US. This caused the US Commodity Research Bureau's futures index, seen by New York investment funds as an important indicator of future inflation, to move up quickly, triggering a move into gold and silver as a hedge against inflation.

Silver's price has risen by 36 cents since the CRB index rose on Wednesday, to close at 492.5 cents an ounce in London last night.

"All gold activity is being caused by New York futures markets and the speculative funds. There is no demand for gold bullion at these prices, particularly in the Far East," said Mr Andy Smith, analyst at the Union Bank of Switzerland.

Nevertheless, Sir James will be pleased with his campaign. The publicity he gave to his sale of Newmont shares to another high-profile financier, Mr George Soros, in April, put fire back into the gold market. He used some of the proceeds from Mr Soros's funds to buy call options which helped to push up the gold price which in January was languishing at a seven-year low of $327 an ounce. He sold more Newmont shares and the price rallied.

Analysts suggest that, if he used only half the $440m (£293.30m) he can expect from the next sale of Newmont shares to buy more options, it would push the gold price through the psychologically-important $400 level.

Meanwhile, the Newmont share price, which normally would have fallen because 9.65m shares are on offer, instead improved with the rest of the market by $1¾ to $56¼ in early New York trading yesterday. Sir James bought his shares for $39 each. When the next sale is completed, he will have reduced his Newmont holding from about 45 per cent to only 5 per cent.

Some analysts warned of the dangers inherent in a speculative gold rally. "At what point do the funds turn from buyers to sellers?" one asked.

Week in the markets, Page 8
Commodities, Page 10

THE LEX COLUMN

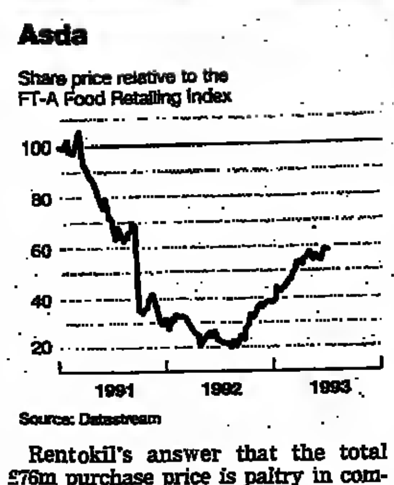
Gilts have the edge

Those many City pundits who thought that equities would outperform gilts this year must be growing nervous. In the first half, long gilts offered a total return of some 10 per cent, the FT-A All-Share index little more than seven. There is not much sign there of the boost to equities from growth inspired by devaluation and low interest rates, – or of the threat to gilts from the government's borrowing requirement. Indeed the two markets seem recently to have shown an even more diverging trend.

One explanation is that growth around the world is turning out disappointing while the forces of disinflation are stronger than many earlier thought. It is not just that the OECD is now forecasting growth of only 1.2 per cent for the industrial world this year. Oil prices are falling, and yesterday's weak US employment figures point to a faltering recovery. Such an environment seems made for bond markets.

Arguably, the UK ought to be an exception. Its growth rate will stand out among its European peers this year, but the OECD's expectation of 1.8 per cent is hardly that impressive. Some equity investors have evidently been prepared to bet on recovery. The FT-SE Mid 250 Index which is heavily weighted towards cyclical stocks has outperformed the FT-SE 100 by a striking margin so far in 1993. Arguably, too, the latter has been dragged down by special situations, notably the US-inspired worries on healthcare stocks. Bnt even the most determined optimist will be hard put to discern the earnings recovery which should underpin UK equity valuations. Until it arrives equities will have little incentive to make up lost ground, especially now sterling is strong and the government has set its sights against a further cut in interest rates.

FT-SE Index: 2857.7 (-31.1)



Rentokil/Securiguard

There must have been little doubt after Rentokil's 345p offer that Securiguard would sue for peace. Less certain is that Rentokil needed to offer quite so much to tip the balance in its favour. It may have felt Securiguard could drive a hard bargain because its shares are concentrated in the hands of relatively few institutions. If so, it will also have to live with a reputation for being a soft touch. That will not help in future acquisitions or calm worries that it is growing anxious about its ability to maintain its 20 per cent earnings growth.

Rentokil's answer that the total £76m purchase price is paltry in comparison with its market capitalisation of £2bn is not entirely satisfactory. It has drawn attention to itself with so much huffing and puffing over what ought to have been a pretty easy prey. Also, the deal involves a £40m goodwill write-off while Rentokil has a net worth of only £146m. There is limited room for more goodwill hits if large contested takeovers are now needed to maintain earnings momentum – on which coincidentally the chief executive's remuneration depends.

In the short-run the acquisition should not prove dilutive. In the medium term everything depends on whether Rentokil can bolster the margins of Securiguard's security division and expand the business. Paradoxically yesterday's offer document does not help its case. It points out that price competition in security is now intense. Perhaps that is why, before Rentokil came along, Securiguard's shares were languishing at a level not much more than half the price it is now set to pay.

Asda

The UK's three biggest grocery chains have cause for complaint with Asda. Not only does the once-struggling retailer have the temerity to cling to existence, hampering their imperial designs. It then proceeds to utter bearish noises about the industry's future, jangling nerves and share prices throughout the sector. If Asda's revival continues at its present pace, then Sainsbury, Tesco and Safeway may have even more reason to be upset. Revamped Asda stores and an expanding Dales discount chain could provide far stiffer competition in the low growth, low inflation environment of the 1990s.

But it would not do to get so swept up in the excitement, as Asda's share price has done this year. Much of the recovery rests with the belief that Asda can lift its 4 per cent margins closer to the 8 per cent achieved by the big three. Yet this supposition may be suspect should Asda's predictions prove correct. If the industry's margins do subside as price competition sharpens, it will be all the more difficult for Asda to fight the trend.

This year Asda will only make modest earnings progress as it refurbishes 40 stores. The critical test will then be how successfully it spends its £347m rights issue money to re-ignite sales growth in future. A share rating matching Sainsbury's takes a lot on trust when so much is still unproved. Investors may do better to favour those second tier stocks, such as Wm Morrison, Iceland or Shoprite, where continued growth prospects are more assured.

British Airways

The postponement of Qantas's flotation highlights the clouds of uncertainty swirling around British Airways' strategy of buying minority shareholdings in foreign airlines. Given the highly politicised nature of the industry, BA may always struggle to exert control over such investments, which raises doubts about whether they will ever generate adequate returns. The Australian government's reshuffle of its privatisation priorities has ensured Qantas will not now be floated until late next year. This creates further confusion. It also delays the day BA will receive a dividend income from its 25 per cent stake, bought at a cost of £304m.

Mnch attention has focused on BA's controversial $198m investment in USAir. Doubts have been raised about whether BA can forge sufficiently close links to justify the price paid. But at least USAir's preference shares yield a fixed income. Besides, BA is already showing a fair paper profit on its holding. It may take far longer for Qantas to show its worth. The carrier should eventually derive benefits from integrating Australian Airlines. It should also see good profits uplift once the lousy airline market improves. BA's shareholders who stumped up £442m to bankroll BA's global ambitions must certainly hope as much.

EC argues over £121bn aid package

By David Gardner in Brussels

THE 12 European Community member states were last night at odds over how to divide up the Ecu157bn (£121bn) structural aid and regional development budget for 1994-99.

As each country tried to secure more EC funds, the larger states also launched an assault on the European Commission's right to decide how money for the Community's industrially stricken regions is allocated.

Mr Willy Claes, foreign minister of Belgium, which this week took over the EC presidency, said that "either we reach a timely decision, or we betray our jobless and break the promises of Edinburgh", where EC heads of government decided on the development package last December.

Ireland and the Netherlands threatened to block any agreement on disbursing what is the largest amount of development aid in EC history unless they received guarantees on the share they are seeking.

Germany, Italy and the four poorest member states – Spain, Portugal, Greece and Ireland – also insisted that the eligibility threshold for Objective 1, which includes the most deprived regions, be held at 75 per cent of average per capita EC income.

These regions will get Ecu96.3bn, plus the Ecu15.5bn Cohesion Fund, which is for the four poorest countries, on the most flexible terms reserved for the Community's most backward areas.

The Commission wants Objective 1 status for Merseyside and the Scottish Highlands and islands in the UK, Hainaut in southern Belgium, and Cantabria in northern Spain, even though they are above the 75 per cent limit.

This will almost certainly be approved, to preserve a 1988 political deal making Northern Ireland and Corsica eligible for the most generous funding. Since then, Corsica has effectively set a new eligibility benchmark, by raising its per capita income to 79 per cent of the EC average. The areas proposed by the Commission are just inside this.

But Germany, by far the largest net contributor to the EC budget now, wants allocations on a strictly proportional per capita basis. Its eastern Länder – or states – where average income is around half the EC poorhouse threshold, would thus get much more.

Germany, France and the UK were also seeking to deny the Commission the right to decide on "Objective 2" areas – those regions in industrial decline. In addition the UK was blocking Brussels' plans to spend part of the package's money for training the unemployed on retraining workers still in jobs but in danger of losing them because of industrial restructuring.

The UK also wanted tight limits on the amount Brussels allocates to Community-wide programmes, like those to revive former coal and steel areas, even though the UK has been a principal beneficiary.

Among those yesterday volunteering the share they intended to take away were Spain (Ecu40bn); Ireland (I£8bn); and the Netherlands (about Ecu3bn). The UK appeared to be aiming at around Ecu6bn.

Scepticism over Mates

Continued from Page 1

and inaccurate Mr Mate's suggestions that the fugitive businessman had not had access to documents seized as a result of a court order.

He also revealed that as a result of redirecting Mr Nadir's mail with a court order he had identified a Luxembourg bank account containing several thousands of pounds and a Mercedes car which Mr Nadir had illegally failed to disclose.

David Owen writes: Asked yesterday if the edited correspondence between Mr Mates and senior law officers would ever be published, the government said it could when there was "no longer a risk of prejudice to the trial and publication would be consistent with the Crown's obligations to the court".

Asked how rigorously Sir Nicholas checked Mr Mates's allegations, the government said the attorney-general "took all the allegations seriously and sought reports from those best placed to know or in a position to discover what had occurred".

Blow to apprentices' jobs

Continued from Page 1

and is now down to 6,100 with 300 more jobs to be shed by the end of this year. Rolls-Royce said that because some of the redundancies were now compulsory, it could not offer jobs to all its apprentices. Those made redundant would be given advice on obtaining jobs elsewhere.

For the first time in its history, Rolls-Royce does not expect to take on any apprentices this autumn at its UK plants. But it said it was "absolutely not" turning its back on the apprenticeship system. "Apprentices are important to our future, but there is in the short term a need to reduce the size of the company to become more competitive in a reduced world market," it said.

Mr Tony Pearce, district secretary of the AEEU, the union to which most of the apprentices at Filton and Patchway belong, said yesterday a wealth of engineering skills was being lost. "Thousands of pounds have been spent on training to no avail because there are no jobs to go to. It is a total tragedy. We are training people to put them on the dole."

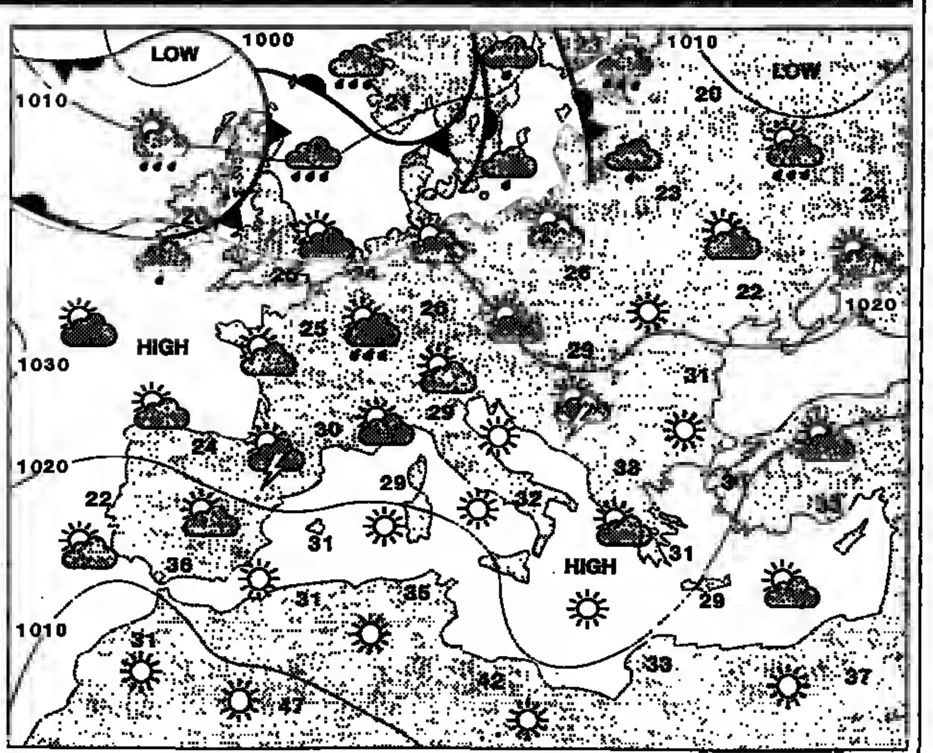
FT WORLD WEATHER

Europe today

A depression will move towards Scandinavia. Its associated fronts will bring rain which will diminish to showers in south-west Norway and temperatures will fall. High pressure over south-east Europe is weakening, but will still bring sunshine to the area from Sardinia to Bulgaria. In former Yugoslavia, some local thunderstorms are expected. It will continue warm, with sunny spells from Scandinavia to the Low Countries and into Spain. However, coastal temperatures will drop several degrees because of sea breezes bringing cooler air from the colder sea water. In the Pyrenees some thunder showers will develop. Temperatures along the Mediterranean coasts will be tropical with readings above 30C.

Five-day forecast

High pressure will move from the Atlantic Ocean to Ireland. This will cause a north-westerly air current next week with cloudy conditions and some rain spreading across northern Europe. The winds will increase and temperatures will fall by 5C-10C. The Mediterranean countries will remain warm and sunny with temperatures as high as 35C. In central Europe it will be increasingly cloudy with some scattered showers developing.



Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	41
Accra	thund	30
Algiers	sun	31
Amsterdam	fair	22
Athens	sun	31
Bangkok	cloudy	34
Barcelona	thund	25
Beijing	fair	30
Belfast	rain	22
Belgrade	fair	29
Berlin	fair	26
Bermuda	fair	28
Birmingham	cloudy	24
Bogota	fair	18
Bombay	rain	33
Bordeaux	shower	25
Brussels	fair	26
Budapest	sun	30
Buenos Aires	fair	17
Cairo	sun	37
Cape Town	sun	20
Caracas	shower	30
Chicago	thund	32
Cologne	fair	28
Copenhagen	cloudy	21
D' Salaam	thund	29
Dakar	fair	31
Dallas	sun	36
Darwin	fair	31
Delhi	sun	37
Dubai	sun	42
Dublin	cloudy	23
Dubrovnik	thund	31
Edinburgh	cloudy	21
Faro	sun	30
Frankfurt	fair	29
Geneva	shower	26
Glasgow	rain	19
Hamburg	cloudy	23
Helsinki	fair	22
Hong Kong	cloudy	31
Honolulu	fair	31
Isle of Man	cloudy	20
Istanbul	fair	28
Jersey	fair	20
Karachi	fair	37
Kuwait	sun	46
La Paz	sun	18
Las Palmas	fair	26
Lisbon	fair	30
London	fair	25
Los Angeles	sun	27
Luxembourg	shower	27
Lyon	shower	27
Madeira	fair	23
Madrid	shower	30
Majorca	fair	30
Malta	sun	34
Manchester	cloudy	23
Manila	fair	34
Melbourne	cloudy	15
Mexico City	cloudy	23
Miami	thund	32
Milan	fair	29
Montreal	fair	27
Moscow	rain	20
Munich	fair	27
Nairobi	thund	25
Naples	sun	31
Nassau	thund	31
New York	fair	27
Nice	fair	26
Nicosia	fair	32
Oslo	cloudy	21
Paris	fair	27
Perth	fair	18
Prague	shower	27
R' de Janeiro	fair	23
Rangoon	fair	30
Reykjavik	rain	12
Riyadh	sun	42
Rome	fair	30
S' Francisco	sun	27
Seoul	cloudy	26
Singapore	thund	30
Stockholm	cloudy	22
Strasbourg	shower	29
Sydney	fair	17
Tel Aviv	sun	33
Tokyo	shower	20
Toronto	fair	25
Tunis	sun	35
Vancouver	fair	20
Venice	sun	27
Vienna	fair	27
Warsaw	fair	26
Washington	cloudy	32
Wellington	fair	10
Winnipeg	cloudy	25
Zurich	fair	26

SECTION II

Weekend FT

Weekend July 3/July 4 1993

Saigon, where the past is another country

WHEN I was seven, my family moved from Ottawa, a placid northern city of snow banks and bureaucracy, to Saigon. Here, for the first time, I experienced the sweltering bustle of an Asian city in the tropics and felt an excitement which has stayed with me. But, even to a small child, it was obvious that an exotic climate was the least of differences between this city and my own secure world.

In 1959, Saigon was between two wars. It was neither the French provincial city it had once been, nor the war-fattened American rear base it was to become. The catastrophic French defeat of Dien Bien Phu had taken place five years before. It would be another six years before the first American troops waded into combat off the beaches at Da Nang. But, in a city of eternal debacle and recovery, 1959 was a year as portentous as any: it was the year in which Ho Chi Minh began sending North Vietnamese soldiers over the 17th parallel in aid of the south's "national liberation."

For my father, it was the beginning of a diplomatic posting he was to find the most tragically compelling in a lifetime of postings. As a member of an international commission set up to monitor post-colonial peace accords between the communist north and the western-backed south, he was to watch the rapid dissolution of Vietnam's fragile stability and its slide back into confrontation and war.

For me, of course, there was nothing tragic or compelling about it. Adults found it difficult enough to see a meaningful pattern in the deceptions, political intrigues, corruption and misplaced enthusiasms that made up Saigon at the time. Children did not try. As Vietnam became an ever more obsessive concern in the minds of American anti-communist strategists – the first "domino" that they believed would set south-east Asia toppling – my own mind pursued more immediate concerns: those of discovering a new, different, and wholly alluring world.

For more than 30 years after, I carried round a set of childhood images of Saigon, some hazy, some etched deeply and fixed forever. Recently, I returned to Vietnam. Like me, like the entire face of the earth, the city has changed. Once again, Saigon became a new and different world to discover. Through the wondering eyes of a seven-year-old, any place at all has the ability to fix in the mind the vivid impression, the haunting image. What surprised me about Saigon is that it retains that power still.

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WE LIVED in a large, walled compound in a villa built in the French Art Deco style of the 1930s. Beyond the wall lay a wide boulevard, a river down which a stream of motor-cycles, bicycles and three-wheeled *cyclo-pousses* flowed from dawn to dusk in full, noisy spate. Unlike Canada, where life's intimacies lay hidden behind double-glazed windows and thick curtains, Saigon revealed itself in unself-conscious fashion on its footpaths.

Children urinated in the gutters. Women washed themselves squatting on the ground in front of enamel tubs. Old men with bony rib cages dozed on hard, wooden beds. Scribes bashed away at antique typewriters, their clients dictating at their sides. Dentists yanked teeth, barbers cut hair, doctors ministered, saffron-robed *bonzes* promenaded with begging bowls in hand. It was smelly, hot, noisy – and, to a child trapped with his parents in the back seat of a black diplomatic car, infinitely appealing.

Once the premier city of Vietnam, now it is named after Ho Chi Minh, whose communist troops conquered it in 1975. ***Nicholas Woodsworth****, who lived there as a small child, has just been back . . .*

But small boys rarely were let loose into the melee of Saigonese street life. Although the French no longer ruled Indochina, Saigon was still very much a city with a French flavour, an outpost of French commercial interests in the *metropole*, and home to the families that oversaw them. We lived the kind of privileged life that French expatriates throughout Asia and Africa had made for themselves and enjoyed for decades.

I was enrolled in a French school, made blotted messes in my *cahiers* with old-fashioned nib pens, and muddled over the mysteries of French verb conjugation. My older sister, influenced by schoolgirl friends and visits to Saigon's pink brick Notre Dame cathedral, developed an obsession with Catholicism and announced her intention of becoming a nun.

At the *Circle Sportif*, we swam and sunbathed and watched staid colonial matrons raising eyebrows at that daring new French invention, the bikini. At home, we chased geckos and lizards across the walls. At the back of the house, we crouched on our hams in imitation of the gardeners and house servants and, fascinated, watched them hack and spit and smoke tobacco through thick, bamboo tubes. On weekends, there were drives through rubber plantations to water-skiing on the Saigon river; on holidays, we stayed at country *auberges* in the hills and pine forests of Dalat.

Only occasionally in this cocooned existence were there hints – talk overheard at adults' cocktail parties of civil disturbances, riots, brutal government repression and a war going badly in the hills and paddy fields to the north – that Vietnam was not simply some wonderfully warm and sunny playground. By the time we left in 1961, Saigon was already a city sitting squarely in the path of a fast-accelerating, oncoming disaster.

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IT IS 16 years since Hanoi's tanks smashed through the gates of Saigon's presidential palace and brought the cataclysm of the Vietnam war to an end. But signs of that great disruption are everywhere in the city's physical make-up, and more disturbingly, in its population. The war's aftermath is a drawn-out trauma from which Saigon is easing itself only slowly.

French Saigon is still there but, in today's re-named Ho Chi Minh City, it lies buried, like an archaeological layer, under more recent, successive accretions deposited by Americans, Russians and North Vietnamese. To find it, one must burrow.

I took a room overlooking the former rue Catinat, once the heart of colonial Saigon and today called Dong Khoi (or Victory) street. The hotel of the same name, once known as the *Hotel de la Liberté*, *might* once have been a *gracious* pile; today, it is a gloomy and crumbling relic. Its decorative stained glass windows are cracked, its marble and wrought iron staircases are dirty, its tiled $18 suites have been painted a dingy, battleship grey. From my upstairs balcony I searched the street, looking for signs of the past.

There are still antique shops lining the avenue, and you can still find delicate crystal and bronze art nouveau lamps, pocket watches from Besançon and Geneva, old editions of Stendhal and Camus. But these now share a place with newer *antiques more popular* with today's visiting souvenir hunters. There are Zippo lighters engraved with the sexual doggerel of lonely 18-year-old GIs who, if they are alive at all, are now in their middle age. There are rusty field compasses, naval clocks, altitude gauges from US warplanes, army-issue eye-glasses, insignia and shoulder flashes, and even old jungle combat boots.

There is something tragic and obscene in this trading in bloody memories, but it is not nearly as tragic as the human war mementoes who also haunt the street: amputees who stump, wheel-chair cases *who roll*, living on handouts and charity. Nor is it as sad as the city's remaining Amer-Asians, the issue of hasty rest and recuperation liaisons with servicemen, some of whom continue to live in Saigon in spite of an American programme to take them "home." Nor as wasteful and unrealised as the scores of Saigonese street children who roam the old rue Catinat, products of a dislocated society, living by vending and begging and petty theft.

Colin Williams

Everyone aged more than 20 has a war story here. Strolling along the street, you will meet fortune tellers who used to be businessman, second-band book traders who were senior government officials, noodle cooks who once flew jet fighters.

Remnants of Vietnam's smashed and painful history are everywhere. They loom large in the old concrete-shielded and pillar-boxed US embassy, from where diplomats, top soldiers and politicians fled in a chaotic, roof-top helicopter evacuation in 1975. They are evident, too, in the dull, east bloc-style architecture erected on city boulevards by the Soviets before their own recent departure. They surround the steel and glass one-time presidential palace – today Reunification Hall, the seat of local rule by a Hanoi government 1,200 kms to the north.

Saigon's disjointed past made finding my own past difficult. When the southern republic disappeared, so also did all the officials, administrative bodies and documentation that might have helped me in my search. Visits to various offices proved useless: officialdom in Vietnam today is no lighter-handed than elsewhere in what remains of the socialist world.

Somewhere in the stored archives of the former regime, I was told in a polite but stony-faced manner, there probably was a record of where the old International Control Commission villa was located. Unfortunately, though, it could take weeks or months to find – or not be found at all. I rented a bicycle and began to look for myself.

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THERE IS a line in the opening pages of Graham Greene's novel of Vietnam, *The Quiet American*, which stayed in my mind as, hour after hour, I cycled through the humid, soupy atmosphere of Saigon's crowded streets. When jaded and world-weary war reporter Thomas Fowler loses Phuong, his Vietnamese mistress, to a naive young American diplomat newly-arrived in Saigon, he reflects bitterly on the meaning of Phuong's name, which in Vietnamese means Phoenix. But "nothing nowadays is fabulous," he tells himself, "and nothing rises from its ashes."

Greene was pessimistic about the fate of Vietnam even when he wrote *The Quiet American* in 1954 and foresaw the tragic consequences of growing US involvement there. What would he think of Saigon 40 years later? I wondered. In spite of the great ache left by the war and a damaging US trade embargo that continues even today, Saigon *is* rising from its ashes. Greene might be pleasantly surprised.

Saigon might be known officially as Ho Chi Minh City, but its in-

■ Continued on page XIII

CONTENTS

The Long View / **Barry Riley**

Markets on a tightrope

SO FAR, it is going more or less according to plan. At the beginning of the year, I suggested that the stock market would soon hit a high but would then struggle, and that it would be hard to make money except in second-liners and recovery stocks. But I wonder if the stock market will get a bit more volatile later in the year.

The first half-year was dull indeed. The high was reached on March 8; since then, the Footsie index of 100 leaders has tracked sideways relentlessly. It was, however, a very different story in small company stocks, with the Small-Cap index forging ahead steadily and showing a gain of 21 per cent after six months. With evidence of economic recovery accumulating, it was particularly agonising to be in recession-proof growth stocks (with Glaxo off more than a quarter, for instance).

This mediocre performance in UK equities is quite odd in one respect because the bond market has been consistently strong. *Long-dated gilt-edged* yields have fallen from 9 per cent in mid-January to 8.1 per cent at the end of June, which represents the unsung success story of the financial markets in 1993 so far. The pessimists who expected gilt yields to climb towards 10 per cent are looking a little embarrassed.

Inflationary pressures have subsided more rapidly than most people expected and sterling has recovered its *balance*, encouraging foreigners to re-appear as major gilt-edged investors. But the margin of safety remains slim, as the narrow cover of only 1.1 times showed at this week's £3.25bn gilt auction of 10-year bonds.

Falling gilt yields normally would have encouraged price strength in equities, but dismal dividend prospects have prevented that. Not only are underlying dividend payments showing no growth but the company tax changes in the March Budget clobbered tax exempt investors by *cutting their tax relief*, so that pension funds have suffered a 6 per cent fall in their gross dividend income from UK equities compared with a year ago.

In the meantime companies, by burying the market in new paper, have been signalling clearly their belief that shares are overpriced. Equity issues have totalled almost £7bn so far this year, and this month's first instalment for the BT3 issue will absorb another £1.9bn or so. Normal institutional cash flow of around £35bn a year is nowhere near enough to cope with this flood of equities on top of the torrent of *gilts*.

Fortunately, there has been some help from a leap in unit trust net sales. These have risen from under £1bn to possibly near £4.5bn in the first six months as small savers have bailed out of low-interest deposit accounts. An influx of US pension fund money has helped, too.

Where do we go from here? In a sense, the UK market has been following the pattern set last year on Wall Street when a slow recovery and low interest rates caused the stock market to be trapped interminably between hope and payoff. Because American share prices have continued to track broadly sideways in 1993 so far – the FT-Actuaries US index is up just 3.5 per cent in dollar terms – there is a strong precedent for continued narrow ranging in London. But this would be a remarkable balancing act, and it is unlikely that stability will be so persistent.

Interest rates hold the key. In the US, short-term rates have been held steady at 3 per cent for 12 months now. There is much nervousness about the circumstances in which they might go up. A huge volume of US government paper has been absorbed by the banking system, with handsome profit margins created by the steepness of the yield curve (which goes up to 6.7 per cent for the long bond).

A double threat is posed to the US equity market by these circumstances. If the American economy strengthens convincingly and short-term rates are raised, there could be a very nasty shake-out in bonds because of the contraction or elimination of the yield differentials, and higher interest rates would undermine stocks, too.

On the other hand, if the economy remains *disappointingly sluggish* and the bond market crisis is avoided, corporate earnings will fail to achieve the demanding recovery targets expected by investors. *It seems unlikely that the* US economy will continue to be just strong enough for the markets to balance on their present tightrope.

In the UK, by contrast, the immediate question is whether short-term rates have further to *fall*. Kenneth Clarke, the new chancellor, apparently does not want to cut (at *least* before he can tighten fiscal policy in his autumn Budget), but he might well be forced to respond to a DM crisis during the summer.

The Bundesbank threw down a modest gauntlet on Thursday, cutting its discount rate by half a point to 6¾ per cent. A further drop in sterling deposit rates, triggering an accelerated flight into unit trusts and equities, just *might* lead to a final surge in the already highly-priced UK equity market. The negative response to the Bundesbank's rate cut this week did not, however, *exactly indicate bottled-up strength*.

My inclination would be to sell into any strength, and prepare for a buffeting later in the year if Wall Street takes a tumble. There is a 3.5 per cent inflation-proofed yield available on index-linked gilts, offering tough competition for equities where the yield is just 3.9 per cent with poor dividend growth prospects for the next year or two.

As for fixed interest gilts, the ratio of the long gilt yield to the equity yield is 2.1, significantly higher than it was while the UK was in the European exchange rate mechanism (it fell to about 1.8) and too high for comfort unless inflation starts to look threatening again. In fact, London's markets are positioned to cope with an *inflationary* dash for growth by Clarke. The downside risk for equities, therefore, is that he will play a waiting game.

MARKETS

London

Why fans love the Bundesbank's game

by Maggie Urry

THE Germans have been entertaining us this week. Wednesday's Wimbledon quarter-final between Boris Becker and Michael Stich was exciting. But more thrilling was the Bundesbank's ace on Thursday when it cut interest rates by as much as anyone had hoped.

While this was more appreciated elsewhere in Europe – other Europeans cut their interest rates, the UK did not – it was regarded *generally as* positive for the London markets. That might sound odd, since the Footsie ended the week lower after attempting to break the 2,900 level in the first half. But dropping a few points does not mean *losing* the match. A German rate cut makes a UK reduction more possible, if not as yet likely.

However, while the Germans were providing enjoyment, the Americans were dashing British hopes as fears grew that the US economic recovery is weakening.

A few US statistics, such as housing starts and employment numbers, suggested thst *the* authorities there should consider cntting, rather than increasing, interest rates. A stalled US economy would not be at all *helpful* to the UK since about a quarter of the Footsie's earnings come from north America. And Pete Sampras's straight-sets victory over Becker as the week drew to a close does not augur well if you take it as a metaphor for a weak US economy overpowering the German rate cut.

Still, there has been a fair bit of good news for the UK equity market this week, notably what *has been happening to* gilts. A few weeks ago, there was good reason to worry about them. The public sector deficit, projected at up to £50bn, meant that new stock was bound to be coming at the *market* at a high rate. It had looked as though the market could be overwhelmed.

In the past three months, though, about £20bn of gilts have been sold, putting the funding programme well ahead of *schedule. This week saw* a £3.25bn auction of gilt stock – the biggest ever attempted – lollowed within hours by another £800m of new stock.

The auction was a crucial test of sentiment and, at first, it looked as though the market had been out-played. There were barely enough bids to *cover* the amount of stock on sale, and the differenca between the average bid price and the lowest accepted price was wide by the usual standard.

However, the market did recover its poise to receive another slug of stock by the afternoon. Dealers said the market-makers, who usually go short of stock ahead of an auction, had not done so this time.

Gilts are being supported by buying from foreign investors. As well as relatively high yields available on UK bonds they have also been gaining on the currency as the pound has risen, particularly compared to the D-mark.

If that strength looks set to continue – and the pound gained almost five pfennigs over the week – foreign buyers should still be attracted into sterling.

A rising gilt market gives support to the equity market, too. Yet, by the end of the week, equities were feeling decidedly anti-climactic about the German rate *cut*. And if the gilt market has passed the *test of its ability to cope with* calls on its liquidity, the equity market is nearing its big match, with some of the terms of the BT3 sale having been announced this week. A 10p discount is being given to retail investors – enough to *pay for a local telephone call.*

Retail demand for equities has been high this year, with unit and investment trusts seeing good inflows and new issues being well-subscribed. This week even saw the return *of the ballot as a method of* allocating shares, when Field Group's offer for sale was 7.4 times subscribed.

There has been plenty of positive corporate news, too. On Monday, Heron – Gerald Ronson's property group, which was the corporate equivalent of two sets and a service break down – appeared to have fought back when its creditors approved re-financing proposals.

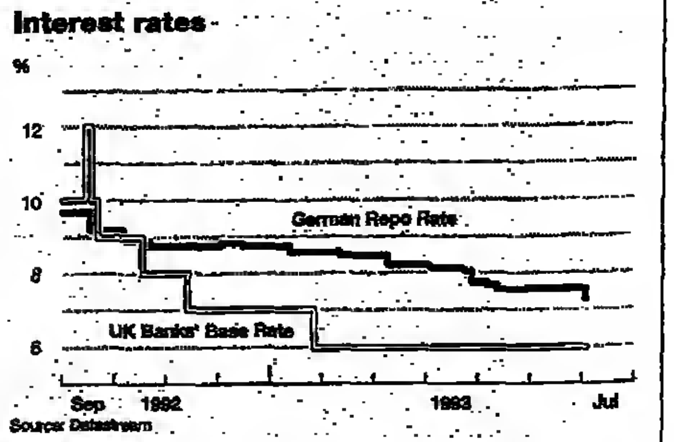
The week also saw results from Brent Walker, Ascot Holdings (formerly Control *Securities*) and Ratners, soon to be re-named Signet, each survivors of a similar exercise to Heron's. None is anywhere near fit again – all three making sizeable losses – but each can at least hope for a return to health.

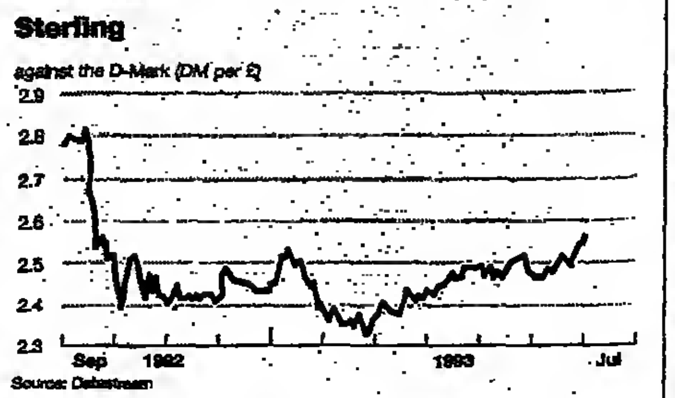
Asda, the food retailer which has recovered from set point down, whipped up a £142.1m profit for its latest financial year. Then, its chief executive, Archie Norman, rather spoilt the celebrations by saying that the future for the big grocers was bleak.

Hanson was back on the bid trail when it lobbed in an agreed bid worth a total of $3.2bn to buy Quantum Chemical Corporation of the US – a move reminiscent of the good old days. Hanson is gambling on *an up-turn in the polyethylene* cycle, a plastic used for packaging. If it is right, it will have regained its old form of buying assets cheap and played a winner.

The end of the week saw Rentokil power an apparently unplayable smash with an increased bid for Securiguard and the purchase of nearly 30 per cent of its target's equity in the market.

As City folk were going home at the end of the week, the police were beginning to set up road blocks around the Square Mile. The story put about is that the security cordon is to keep terrorists and their bombs away from the UK's financial centre. But the truth might be simpler. It is not terrorists but aggrieved Lloyd's Names heading for Monday's egm that they are trying to deter.





HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	2857.7	-29.8	2957.3	2737.8	Profit-taking/end account selling
FT-SE Mid 250 Index	3234.8	+21.7	3218.5	2876.8	Recovery hopes
ASDA	65½	-9½	77½	53	Profit-taking ahead of results
Airtours	342	+14	345	269	Good results/acquisition
Anglia TV	343	+26	357	194	Wave of TV takeover fever
Barclays	481	+15	489	382	Flemings, Kleinwort "buy" notes
Eastern Elec	495	+38	496½	399	15 per cent dividend increase
Eurocamp	198	-25	350	197	Profits warning
Geest	397	+27	483	328	EC decision on banana imports
LWT Pf	478	+103	478	262	Large stake bought by Granada
Lowndes Lambert	399	+28	399	321	Profits up 11 per cent
Reuters	1415	+35	1438	1240	US buying on Globex prospects
Scottish TV	551	+52	553	431	Wave of TV takeover fever
Securiguard	340	+31	343	184	Rentokil increased offer
United Newspapers	535xr	-32½	593½	480½	£190m cash call

Serious Money

A savings option that paid off

By Philip Coggan, personal finance editor

WHEN the First Option Bond was launched in July 1992, the pound was still in the Exchange Rate Mechanism and base rates were 10 per cent.

Those who rushed to buy the bond in its early weeks (provoking howls of protest from the building societies) can pat themselves *on the back*. They have earned 10.34 per cent gross, or 7.755 per cent net, over the year and have been able to gloat while their friends and neighbours suffered the fall in building society rates to 6 per cent and below.

Bonds start to mature on July 7. National Savings will be writing to holders to tell them that the rate for the coming year will be 6.34 per cent gross, or 4.75 per cent net. Anyone with £20,000 invested, including last year's interest, can earn a bonus of 0.4 per cent gross (0.3 per cent net) if the bond is held for another year.

Holders who want to earn that return need take no action; your money will be automatically reinvested. *If you want to cash in your bond*, complete the form on the back and send it to National Savings in Glasgow.

It is possible to earn more than the new First Option bond. Britannia Building Society is offering 6.75 per cent gross on investments of over £1,000; the rate is guaranteed for 13 months, after which investors can withdraw their money without penalty (but not before then). As our Best Rates table shows (on Page VI), higher returns can be earned from variable rate accounts.

You can earn over 7 per cent on gilts, if you are prepared to hold the bond for five years, and you do not mind turning part of your capital into income. If you want more than 8 per cent, you have to look at gilts with a maturity of 10 to 15 years. If you are a firm believer that inflation is conquered, and you believe the government will control the budget deficit, then 8 per cent offers a very healthy real return. Of course, those are two big "ifs".

□ □ □

In April 1992 and January this *year*, I wrote about a simple stock-picking theory devised by Michael O'Higgins, a US fund manager. Take the ten highest yielding stocks in the Dow-Jones Industrial index and select from them the five with the lowest share prices. You hold these stocks for a year, and repeat the process, discarding those which no longer meet the criteria.

O'Higgins found that between 1973 and 1991, a portfolio selected using the theory made an annual average return of 19.4 per cent, against 10.4 per cent from the Dow.

Those who bought First Option can pat themselves on the back

Applying this theory to the FT-30 index in the UK over the period 1979 to 1992, annual returns were 22 per cent, compared with 17.5 per cent from the All-Share. At the start of the year, the theory threw up Blue Circle, British Gas, Forte, Hanson and Lucas.

The good *news is that so far* this year, the theory has worked. Up to June 30, the shares made the following returns: Blue Circle, up 26.6 per cent; British Gas, up 2.2 pc; Forte, up 20.7 pc; Hanson, down 3 pc; and Lucas, up 3 pc. The average is 9.9 pc, compared with 5 pc for the All-Share.

Of course, the above calculations do not allow for costs, but nor do they allow for the higher than average dividend yields which the selected stocks should pay.

Readers should be aware of many caveats. A small *portfolio of stocks will inevitably be* volatile; just because the theory worked in the past does not mean it will in the *future*; and the above stocks are not the *FT's* recommendations.

Coincidentally, Michael O'Higgins was in London this week. He had distinctly gloomy views about the prospects for world stock markets, believing we are due for a big fall in the US market, with the Dow Jones index dropping from its 3500 to somewhere around 2800 over the next 12 months.

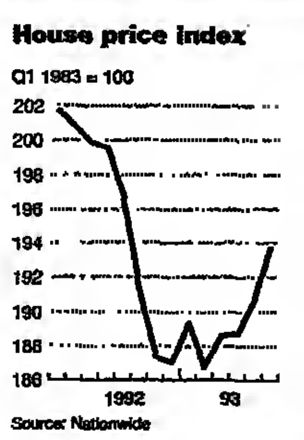
O'Higgins believes that the investments where money will be made over the next 12 months are gold, oil, resource-based economies such as Latin America and Australia and selling short major stock markets such as the US and Japan.

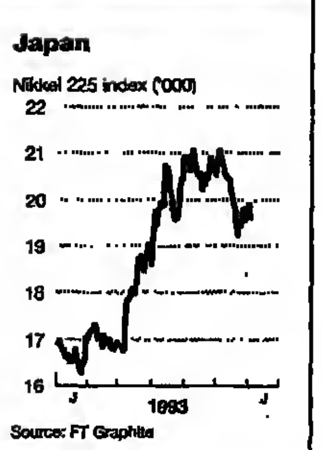
Why does he hold these views? He believes the US market is expensive, in terms of key statistics such as p/e ratios, price-to-asset ratios and dividend yields. There are long periods in history, he argues, when corporate earnings have increased but stock prices have gone nowhere because price-earnings ratios have declined. Someone who bought shares in 1929 would have still been behind 25 years later.

Admittedly, O'Higgins is only a small manager by US terms with $150m under management. But he can cite a strong record, with his median fund up 115.6 per cent over three years, compared with 32 per cent for the median US equity fund. O'Higgins has launched a Bahamas-based fund, Mabrecose, for non-US investors but the minimum investment is a hefty $1m.

Certainly, there are other commentators who are worried about stock prices (see Barry Riley's Long View on Page I). Even if they are not as gloomy as Michael O'Higgins, cautious investors can certainly afford to wait before switching their funds into equities.

AT A GLANCE





House prices rise by 1.6%, says Nationwide

House prices rose by 1.6 per cent in June, the fourth consecutive monthly increase and the biggest since May 1991, according to figures from the Nationwide building society. The Nationwide house price index has now risen 3.5 per cent since the start of the year, but prices are still down 3.5 per cent from June last year. The average house in the UK now costs £53,710.

Brian Davis, Nationwide's operations director, said: "A recovery in the housing market does appear to be underway, but it is still fragile with turnover still only slightly above last year's depressed levels."

Tokyo treads water

The Tokyo stock market continued to tread water this week, with very low volume trading as investors stayed on the sidelines ahead of the general election on July 18. The Nikkei average fluctuated in a narrow range between 19,400 and 19,950, failing to challenge the 20,000 barrier it broke through during a rally earlier in the year. Traders say the index is unlikely to break out of the range during the political uncertainty before the election. A bribery scandal, involving general contractors and a city mayor, shook the market early in the week and had a further dampening effect on market sentiment.

BT3 discount fixed

Private investors will receive a 10p discount on the institutional price for BT3 shares, the Chancellor announced this week. Institutional investors will pay 160p in the first of three instalments, compared to private investors' 150p. There will also be a 10p discount on the second instalment, which has been set at 140p, and on the third, which has not yet been fixed. Alternatively small investors can opt for a one-for-15 share bonus after three years.

The deadline for registering for the public offer with the share information office or a share shop, to qualify for preferential allocation, has now passed.

More cash-backed BES

Another round of university property cash-backed business expansion schemes was launched this week. Acquimulus Hallam, raising money for Sheffield Hallam University, has a contracted exit price, after five years, of 122p for every 100p invested. Minimum investment is £2,000. The Cambridge Collegiate Consortium offers a contracted exit price of 117p after five years, with a minimum investment of £2,000.

The Oxford Colleges BES is another cash backed scheme, offering an exit price of 117p for 100p invested, or 99p if a commitment is made before July 19. Cheques can be post-dated to August 20 and the minimum investment is £3,000. Shares in Oriel Cash Backed, which are managed by Oxford college scheme, sold out within four days, so the sponsors are now launching Oriel IV, an identical scheme offering a contracted exit price of £1.21.

Smaller companies gain

Smaller company shares continued to gain this week. The Hoare Govett Smaller Companies Index (capital gains version) rose 0.7 per cent from 1466.13 to 1476.36 in the week to July 1. The index has now climbed for 10 consecutive months for the first time since the crash of 1987.

Correction

The Govett FT-SE Mid-250 index fund added a 3.5 per cent initial charge this year, and so no longer has a nil initial charge as we reported last week.

Wall Street

Dark clouds over the holiday beaches

WALL Street's dealing and investing community headed off to the beaches for the long holiday weekend yesterday with plenty on their minds.

If anything is going to spoil their enjoyment of the *Independence Day celebrations it is* the state of the economy. A string of data released this week underlined the fragility of the recovery.

On Thursday, the National Association of Purchasing Management published its June report on nation wide manufacturing activity. The NAPM index fell below 50 for the first time in more than a year. When the it drops below 50, it generally means that the manufacturing sector is contracting.

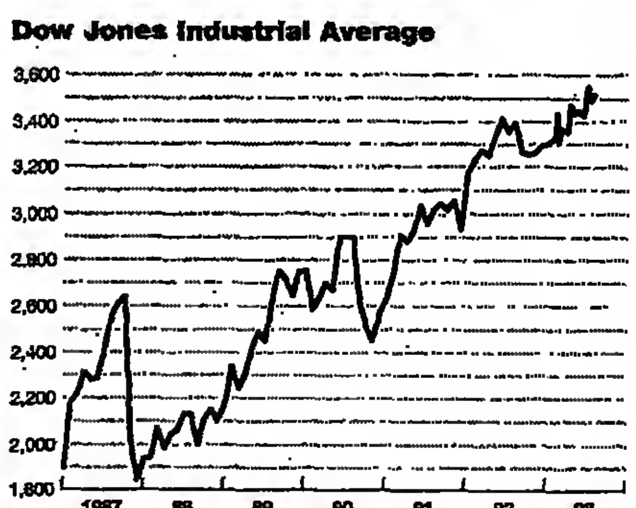
On Tuesday, the Conference Board reported a decline in consumer confidence during June. President Bill Clinton's planned tax increases seem to have persuaded consumers to keep their spending in check, at least until they know how exactly much more the Federal government will be taking from their pay packets.

Finally, yesterday the Labor department released its June employment report, and it *made for gloomy reading*. Non-farm payrolls rose by a meagre 13,000 last month, well short of the 130,000 to 150,000 increase forecast by Wall Street economists. Although the rise in the national unemployment rate, from 6.9 per cent to 7.0 per cent, was expected, investors still did not appreciate the sight, more than a year after the recession ended, of a rising jobless rate.

At first glance, the employment data turned interest rate forecasting on its head. For most of this year, the markets have assumed that the next move in rates would be upward, as the Federal Reserve tightened monetary policy to curb inflation.

Yet, the June report appears to rule out any tightening, at least for the near term, and it may even herald a policy easing. Those economists who have bravely stuck to their predictions that the Federal Reserve's next interest-rate move would be down rather than up, must have felt vindicated by the jobs data.

The chances of an interest rate cut, however, remain slim. The June report was not wholly negative – April and May payroll figures were both revised upwards to show increases of 255,000 and 215,000, respectively. The npward revisions led some analysts to warn that the small June increase may prove to be a freakish number, possibly skewed by the fact that the survey upon which the payroll figures were based was taken unusually early in the month. Labor department statisticians said this meant a substantial number of June hirings may have been missed, new jobs that could turn up in the July data.



Government number-crunchers, however, seem to have an answer for everything. The big picture is quite clear – the labour market is not ss robust as it should be at this stage of a recovery. Consequently, the June jobs report could still force the Fed to reconsider its recent decision to shift the emphasis of monetary policy towards a tightening. Analysts believe it is possible that the central bank will return the emphasis of its policy back to a neutral stance.

Such a move would be good news for equities, because it would remove the immediate threat of higher interest rates. It has been the favourable interest rate environment, more than any other factor, that has propelled stocks upwards over the past two *years, so* more of the same should ensure that, at the least, equities hold their ground.

This is exactly what stock prices did this week – hold their ground, although in a rather roundabout way.

On Monday, the Dow jumped 40 points, buoyed by the latest rally in Treasury prices, which took bond yields to new lows. Then stocks turned tail, gradually at first, then rapidly, after the June employment report was released. By midday yesterday, Monday's 40-point burst had been completely wiped out, and the Dow was back where it started the *week, hovering around 3,490*. That is 65 points short of its all-time high (set on May 27), but still registering a respectable 6.7 per cent gain for the year.

While the domestic news was almost all bad, there was one important piece of foreign news this week that, over the *longer-term, should be good* for equities: Thursday's cut in German interest rates.

Although the half-point reduction in the discount rate was less than dramatic, it was better than nothing and, by most accounts, much needed. The US can only hope that the Bundesbank's easing will help *drag Germany, and the rest of* Europe, out of recession, in the process reviving US exports to the region. At the moment, the US economy needs all the help it can get.

Patrick Harverson

Monday	3530.20	+ 39.31
Tuesday	3518.88	– 11.35
Wednesday	3516.08	– 2.77
Thursday	3510.54	– 5.54
Friday		

The Bottom Line

Rentokil on the warpath

FROM Rentokil to Rent-a-mob? The environmental and property services company, best known for its *pest control business, yesterday* looked set to win its first hostile takeover when it upped its bid for Securiguard, the security and cleaning company.

But Clive Thompson, chief executive of Rentokil since 1983 and chief architect of its heady growth, has yet to win tha wider argument – whether a low quality, low margin business like guarding can sparkle under the Rentokil treatment.

Rentokil began business early this century as a maker of rat poison. It later acquired a *Danish* parent, *Sophus Berendsen* with 56 per cent, and a stock market listing in 1969.

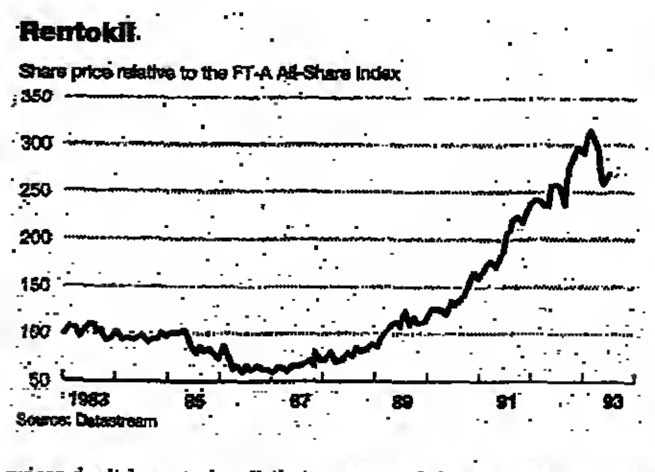
But it was in the 1980s that the company's fortunes, and its share price, took off. Under Thompson, it targeted business services such as cleaning and tropical plants supply and realised correctly that companies were willing to pay more for good service.

The tropical plants business, for example, was built up by acquisitions and axpansion overseas into one of the largest such companies in the world. Previously a low value service, Rentokil lifted its margins from single figures close to 20 per cent through raising prices and quality levels.

Thompson is convinced he can do the same with manned security, even though Securiguard's margins are only about 5 per cent. "It's the same trick. It's running a service business, and we happen to believe we're very good at running service businesses," he says.

If it wins Securiguard, the Rentokil "trick" would involve looking at the security company's training, marketing and technology. A "raft" of incremental improvements will lead to higher margins, Thompson says.

"People are prepared to pay a price premium so long as service levels are higher. And prices don't hsve to be all that much higher to improve margins."



Despite Rentokil's record, some analysts are not convinced Thompson is right. They will be watching closely to see if companies really are prepared to pay more money for what is still seen as a straightforward service.

"Companies may think about security during bomb scares, but usually it is price not service driven," according to one analyst.

Whether it is *Thompson or* his detractors who are correct will largely decide the direction of Rentokil's share price.

As the graph shows, the shares have performed very strongly since 1987 and have outperformed the FT-A All-Share index by almost three times since Thompson took control.

Rentokil's record since the mid-1980s of lifting profits 20 per cent a year earned it one of tha highast ratings on the stock market, making the shares very expensive to buy.

But they fell sharply after the company's rasults announcement in March. This was because the market started wondering whether the company's record of 20 per cent profits growth was sustainable.

According to the detractors – who are easily outnumbered by supporters – Rentokil's "trick" was no longer working.

They pointed to a slowdown in the UK especially, and said Rentokil needed a large acquisition to maintain earnings growth. Two months later, the bid for Securiguard was launched.

Thompson has insisted that Rentokil wanted Securiguard for the business rather than *short term earnings. It* spotted that manned security was suitable for some Rentokil trickery, he said.

There is probably truth in both camps. Rentokil is now a very large, maturing business which last year made profits of £122.4m. Further rapid growth can only come through acquisition and moving into other new market areas.

And acquisitions can only get bigger. Analysts agree that after waiting two years to make his first hostile bid, Thompson will not wait as long again. "They wanted Securiguard for the business, but also as a learning experience for a really big bid," according to one analyst.

Angus Foster

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FINANCE AND THE FAMILY

Umbrellas: how safe are they?

Philip Coggan examines funds with big appeal to offshore investors

IS AN UMBRELLA fund the right home for your rainy day money? The idea behind an "umbrella" is that a large number of different types of funds – US equities, international bonds and so on – are gronped together.

This is nearly always done in some offshore administrative centre, such as Luxembourg or the Channel Islands. While the tax advantages of an offshore centre for UK residents are fairly limited, this does allow umbrella funds to appeal to investors world-wide and, in particular, wealthy expatriates.

The idea behind the umbrella structure is to make it easy for the investor to move his funds from one asset category to another without excessive costs. A good umbrella fund ongbt to allow free switching (or, at best, a nominal charge). The smart investor, for example, could have moved out of equities and into bonds (or cash) before the crash of October 1987.

It also makes for administrative convenience for the fund manager. Technically, investors usually are shareholders in the overall group, rather than in the individual funds. This means that only one annual report has to be issued, and only one prospectus launched with the relevant regulator. Fidelity's Luxembourg range of funds, for example, is an open-ended investment company with 23 classes of share, each relating to a separate portfolio of securities.

For a while in the mid-1980s, umbrella funds mushroomed because of a tax advantage for UK investors. Switches between funds were free from capital gains tax. Investors faced a CGT liability only when they took money out of the umbrella altogether. That loophole was removed in 1989; now, a UK resident who switches from, say, Japan to the US could face a CGT bill on any Japanese fund profits.

Offshore funds are, for UK tax purposes, divided into distributor and accumulstor funds. Distributors must pay out 85 per cent of their income as dividends. UK investors must pay income tax on the dividends but any other profits are taxed as capital gains.

Accumulators do not pay out income bnt "roll it up" within the fund. Neverthless, all gains are taxed as income, not capital gains, although only when investors sell their holding. They can, therefore, be useful for postponing a tax liability. If an investor knew he was going to retire and move into a lower tax bracket, he could invest in a roll-up and take profits at the most tax-efficient moment.

Furthermore, the roll-up can enhance performance. Since tax is postponed, investors can compound their investment gross rather than net.

Offshore funds can also pay income gross. This gives them an advantage over UK unit trusts, albeit one which should partly he eliminated in the next Budget. Expatriates, or those wbo move regularly between countries, may well find it convenient and tax-efficient to keep their investments within an umbrella.

The down-side, of course, is that you are relying on the investment skills of one management group, whicb might be excellent at managing bonds but not equities. Also, many funds are dollar-denominated, which means that non-dollar investors face an extra layer of currency risk.

In the wake of scandals such as Barlow Clowes, how safe are umbrella funds? Many can be found in the back pages of the FT's first section under the heading "SIB recognised." This means the Securities and Investments Board has accepted that regulation in the offshore administrative centre is equivalent to that in the UK, and the funds have satisfied SIB they are run in a proper manner. Some funds can be marketed only through intermediaries; but if they fall into the EC's approved UCITS category, they can be sold across European borders.

Guinness Flight has umbrellas covering both the accumulation and distribution types of fund. There are 14 separate roll-up funds and 30 separate distribution funds.

Normally, roll-up funds tend to invest in the money markets (ie, mainly bank deposits) or in bonds, where income is high enough to get the full benefit of the roll-up process. Guinness Flight, however, has two equity funds (international and European) within its range.

It cites good performance for the funds, with *Finstat* showing 11 of 14 having above-average perfomances over the year to June 1, and 11 of 12 above average over three years.

Fidelity's range of distributor funds has a minimum investment of £1,500, initial charges of 5.25 per cent for equity and 3.5 per cent for bond funds, annual charges of 1.5 per cent for equity and 1 per cent for bond funds, and switch fees of 1 per cent.

Fleming has both distributor and accumulator Luxembourg funds under the Flagship label. Minimum investment is £2,500; charges are 5 per cent initial on the distributor funds, nil on the roll-up funds. There are no switching fees.

Scudder, Stevens & Clark has a Luxembourg-based Global Opportunities umbrella range. Its initial efforts are concentrated on six sub-funds, three in bonds (US Mortgage Backed Securities, Global Bonds and Emerging Markets Income) and three in equities (US Quality Growth, Global Equities and Emerging Markets Growth).

The funds are not SIB-recognised but Scudder, Stevens is a well-established US investment firm with $70bn under management.

Offshore Bond Funds

Three-year leaders

THE TABLE shows the 10 largest offshore sterling denominated fixed interest funds with a three year performance record. The funds shown are recognised by the Securities and Investments Board, the chief regulator for the financial services industry in the UK.

Some, such as Hambros EMMA sterling bond fund and Gartmore's Capital Strategy Sterling fund are sub-funds of umbrella funds.

The funds are quoted on an offer-to-offer price which measures the performance in terms of the change in the price at which the units or shares were bought. It does not take charges into account because some funds have a single price but add a charge. Quoting on this basis gives an enhanced performance figure, compared with onshore funds.

Scheherazade Daneshkhu

Largest 10 offshore sterling bond funds

Fund	Size (£m)	Yield# (%)	Perf*
Lloydstrust Gilt Fund	491.2	7.40	58.5
Midland Offshore Gilt	377.5	7.85	52.0
Barclays Sterling Bond	188.6	8.90	63.4
TSB Gilt	144.3	7.53	55.7
Kleinwort Ben Gilt	40.2	7.00	53.1
Hill Samuel Star Fix	32.4	7.68	55.8
Guinn Fl GS Gilt & Bnd	32.0	8.20	50.7
Gartmore Cap Strat Stg	22.2	6.63	52.0
Govett GSI UK High Inc	17.9	9.50	57.6
Hambros EMMA £ Bond	11.7	7.44	51.0

Source: Finstat. #As at June 28 * Offer-to-offer with net income reinvested over three years to June 1. Funds without three year record are excluded.

Now it's son of Taurus

THE STOCK exchange's decision to abandon its overly ambitious Taurus project for paper-less share trading and speedy settlement created a vacuum.

Earlier this week, though, a task force led by the Bank of England suggested a way of achieving many of Taurus's objectives, albeit at a lower cost and amid significantly less wrangling among interested parties.

The project is to be known as CREST, because, in the words of the task force chairman, "it seems to be an encouraging, up-beat name with no down-side."

Private investors should be encouraged by the task force's suggestion that the Treasury's intention to eliminate stamp duty on transactions, which was to have occurred with the introduction of Taurus, should coincide instead with the advent of the new project.

For the private investor, there are several key differences between the new proposal and Taurus, the most significant of which is that paper-less share dealing and speedy settlement will be at the optioo of the client.

Thus, clients wbo take comfort from physical possession of share certificates can continue to hold them and can count on receiving new paper when additional shares are bought.

The problem, according to the Association of Private Client Investment Managers and Stockbrokers (APCIMS), is that they are likely to have to pay more to execute trades. But because CREST is not expected to be working before 1996, it will be some time before investors need to make a decision on whether having share certificates is, in fact, essential.

Those shareholders who want to earn the beoefits of the lower-cost, paper-less trading system may select a broker who is a member of CREST. But the shares will have to be held in the "nominee" name of the broker for transactions to take place.

ProShare, the organisation set up to promote wider individual share ownership, says it is unhappy with moves to encourage the transfer to nominee names because it inserts a layer of bureaucracy between the company and its owner, the shareholders. But Michael Baker, chief executive of APCIMS, says there is nothing wrong with moving to nominee names.

"The Securities and Investments Board has laid down criteria for private client stockbrokers," he said. "As long as the stockbroker meets those requirements and is a member of SIB's investor compensation scheme, clients should have little reason for concern.

"Private client stockbrokers have reported to us that a significant oumber of clients have already switched to nominee names in advance of Taurus."

investors may check if their broker is covered by contacting SIB.

What may be significant for the estimated 500,000 British private investors who trade their shares actively is the axeing, no later than next July, of the two-week account settlement period.

By early 1995, the settlement period – the time between the date a bargain is struck and the date the payment and ownership change hands – will narrow to only five days. But Baker said: "Many of our members regret the decision."

It means that investors will have to stump up cash for purchases much more quickly. Also, those who buy shares, and then raise the cash for them by selling others – say, a week later – will find that financing technique closed to them.

Baker said it was estimated that around 10 percent of all transactions on the exchange were "netted" deals that occurred in the middle of the account settlement period. So, a portion of private client business was likely to disappear.

Norma Cohen

Paying the price of being famous

Bethan Hutton looks at insurance premiums

THE PRICE of fame could well be paid in highly expensive insurance premiums. Household names from sport, theatre or television are – perhaps surprisingly – lumped with scrap metal dealers, bookmakers and journalists as "undesirables" by many of the large insurance companies when they request motoring cover.

Other occupations that may face higher premiums are market traders; casino, night club and amusement arcade operators; bartenders; disc jockeys; foreign diplomats; students, and members of the armed forces.

A company's response to such applicants can vary from point-blank refusal, to requests for further information, to an automatic premium loading of 25 or 50 per cent.

Famous people can pay more because companies reason that, if they depend on their face for a living and have an accident that damages it, an injury claim could be very expensive. The greater chance of driving while tired or after drinking lies behind higher premiums for such night workers as bar staff, disc jockeys, casino employees and some journalists.

Scrap metal dealers, market traders, bookmakers and dog and horse trainers get a rough ride at most companies. Some point to all the driving between race tracks, or the possibility of causing or incurring injury when driving through a crowded street market. A more honest reply might be that people in these occupations are considered to be "moral hazards" and not trustworthy.

Any sideline, particularly if you use your car for it, can affect your insurance rating – say, if you take a stand occasionally at an antiques fair. You might find yourself classed as a market trader.

After several bad years, companies are trying to clamp down on claims and increase revenue wherever they can. One dodge under particular fire is insuring a car in another person's name, and then naming the high-risk person as a driver. Companies, burnt by experiences of young drivers insuring cars in their parents' names, have taken to rating a policy according to the worst-risk driver named.

Another hazard lies in changing employment after taking out a motor policy and neglecting to tell your insurer. If your new job is one the company frowns upon, it would be entitled to refuse to pay out after an accident because you had not disclosed relevant information.

For the same reason, it is also better to resist the temptation to describe your job as something more innocuous, or to give it a deliberately vague title such as "executive." But the jobs which companies regard with suspicion, and the premium loadings for "higher risk" occupations, vary between companies so it pays to shop around.

SelectDirect, a new telephone broking service, found only 12 insurers willing to quote for a journalist but, of those that would, several charged less than for a financial adviser (for whom most insurers were happy to provide a quote).

The new breed of direct telephone insurers, like GA 1-2-1 and Direct Line, can offer lower motor insurance premiums – but usually only to low-risk drivers. They can have much stricter underwriting criteria, too – rejecting anyone under 25, for example – and may also refuse occupations acceptable to other insurers. So, if a direct insurer turns you down, try a broker instead.

If you are a member of a union or professional body, find out if it has any special insurance arrangements. Equity, the actors' union, is one that does because its members often find it impossible to get cover elsewhere.

Retirement or redundancy can reduce the premium load, but some insurers are reluctant to cover the unemployed. And there may still be some weighting of premiums when you retire because of your former occupation.

In the long term, there is the hope that insurance companies will alter their view of your job, but a lot depends on attitudes and the claims records of each insurer. Doctors used to be regarded as bad risks because of their long hours and emergency call-outs, but that seems to have changed.

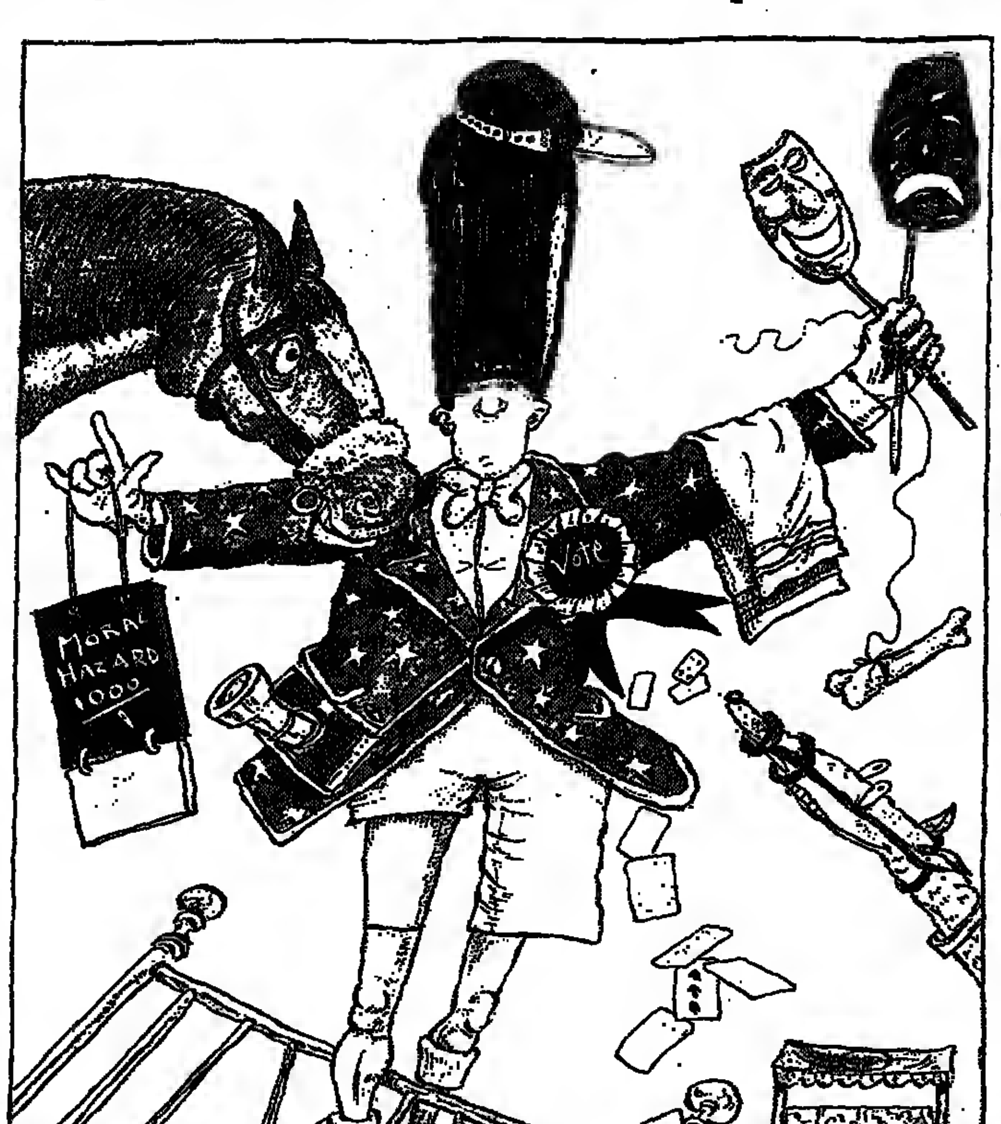
Your occupation can also influence your acceptability to insurers when it comes to household contents. Here again, the famous come off badly.

A major area of concern is whether your absences from home are well known – if, for instance, you present a live television programme, or are riding a horse in the three o'clock at Newmarket, or are answering questions in parliament. Insurers fear that an alert burglar might take the opportunity to call.

Another worry is that souvenir hunters may pounce on the homes of entertainment and sporting stars.

Antique dealers, jewellers, market traders, scrap metal merchants and the like also face problems with household insurance; criminals are known to target the homes of owners of cash-based businesses, or ones where valuable goods may be brought home.

Jobs requiring long absences from home, such as airline pilots, oil rig workers, soldiers or sailors, also worry insurance offices. But you can make them happier if you can show that another family member or a housekeeper is likely to be there when you aren't.



On the right track

WHAT ARE private investors to make of the *Financial Times'* new "total return" indices?

The indices, which appear daily, have been designed largely with professional investors in mind. Professional managers who provide index-tracking services – that is, portfolios designed to mirror returns from an index such as the FT-A All Share – need to know exactly how that index is to be measured.

The two independent performance measurement services have used slightly different methods of calculating the FT-A. Thus, depending on which service is used, pension fund trustees may come to believe their manager is not coming up to scratch.

But while the new indices offer greater clarity for professionals, they may muddy the waters for private investors. Those who own index-tracking unit trusts are likely to find even greater deviations from the index than previously.

Barry Holman, director of index-tracking funds at insurer Legal and General, says distortions are likely to occur in several areas. First, the total return index uses stock prices at the close of business, whereas most unit trusts use midday prices. Also the new computation assumes re-investment gross of tax on the dividend payment date, regardless of when funds are actually received.

While pension funds may mitigate against slow payments, many unit trusts are constrained from doing so. Also, pension funds are tax-exempt so it is sensible to calculate returns without deducting tax. Unit trust holders, however, enjoy no such exemption.

Holman says, though, that he does not expect significant confusion among individuals who own index tracking unit trusts. "People who buy these things tend to be pretty sophisticated," he added.

Norma Cohen

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Devenish J.A.	374 ††	367	282	214.30	Greenalls
Headline Pub. ‡	108 ‡‡	403	290	48.90	Hodder&Stoughton
Savage ‡	83	83	71	31.56	McKechnie
Securiguard	270*	309	185	58.20	Rentokil
Teredo Pet.	5½	6	6	1.71	Cairn Energy
Thames TV ‡	200*	197	175	99.00	Pearson
Watts Blake	420*§	425	391	87.33	Sibelco

*All cash offer. ††Cash alternative. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 2/7/93. §§Shares and cash. †Price at suspension. ‡‡ Price in Pounds.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Alba	Elec	Mar	5,840	(5,060)	8.32	(8.38)	4.85	(4.75)
Anglo St James	Prop	Dec♦	943 L	(2,720 L)	-	(-)	-	(-)
Ascot Holdings	Prop	Mar	79,800 L	(196,200L)	-	(-)	-	(-)
Berkeley Group	C&C	Apr	15,800	(12,600)	16.0	(13.1)	6.0	(5.0)
Birkby Group	Misc	Mar	1,100	(4,320 L)	11.7	(-)	3.63	(-)
Boscombe Property	Prop	Mar	520	(351)	367.7	(262.2)	355.0	(180.0)
BPB Industries	BdMa	Mar	57,500	(37,600)	8.1	(6.0)	7.5	(11.25)
Brent Walker	H&L	Dec	427,400 L	(407,300L)	-	(-)	-	(-)
Bristol Scotts	H&L	Dec	2,560 L	(562 L)	-	(-)	-	(-)
British Bio-Tech	H&H	Apr	13,100 L	(11,600 L)	-	(-)	-	(-)
Calabread Robey	BdMa	Dec	2,240 L	(1,850 L)	-	(-)	-	(-)
Caledonia Inv	OthFn	Mar	36,000	(26,100)	26.1	(18.0)	15.0	(14.4)
Camellia	OthFn	Dec	11,600	(7,860)	114.2	(41.0)	29.0	(27.0)
Cassidy Brothers	Misc	Apr	457	(696)	6.11	(9.07)	2.4	(2.4)
Compco Holdings	Prop	Mar	200	(171)	7.33	(5.33)	12.98	(12.98)
Debenham Tewson	Prop	Apr	2,880	(1,590)	5.13	(2.76)	3.0	(2.5)
Eastern Electric	Elec	Mar	183,400	(143,100)	50.1	(38.6)	19.2	(16.7)
Electric & General	InTr	May	2,900 #	(2,840 #)	3.21	(3.14)	3.1	(3.1)
European Motor	Mtrs	Mar	3,400	(1,500 L)	7.3	(-)	3.5	(-)
Explaura Holdings	BdMa	Dec	2,370 L	(2,110 L)	-	(-)	-	(-)
Feedback	Elec	Mar	1,060	(366 L)	7.65	(-)	1.5	(-)
Ferranti Int'l	Elec	Mar	24,500 L	(46,200 L)	-	(-)	-	(-)
Ferromet	OIM	Dec	1,140 L	(12,900 L)	-	(-)	-	(-)
GEC	Elec	Mar	863,000	(829,000)	19.7	(18.6)	10.3	(9.6)
Gibbs Mew	B&D	Apr	1,230	(633)	16.74	(11.67)	7.5	(6.75)
Glenchewton	Misc	Dec	54 L	(275 L)	-	(-)	-	(-)
Grand Central Inv	FdMa	Dec	1,570	(922)	0.04	(-)	1.25	(1.15)
Gypsum Industries	n/a	Mar	3,700	(4,660)	44.9	(64.9)	-	(-)
Halma	Eng	Apr	20,900	(14,200)	9.93	(6.92)	2.84	(2.19)
Hartstone Group	Misc	Mar	9,880 L	(22,100)	-	(21.1)	2.8	(4.875)
Hewetson	BdMa	Mar	503	(745)	1.36	(2.90)	1.25	(2.5)
Hoyle (Joseph)	n/a	Mar	513	(23)	32.07	(0.25)	-	(-)
I&S Optimum Income	InTr	May	2,700	(2,720)	7.25	(6.96)	7.4	(7.25)
Lister & Co	Tex	Mar	2,890 L	(2,780 L)	-	(-)	0.1	(0.1)
London Int'l	H&H	Mar	27,800	(16,900)	11.12	(8.34)	9.45	(9.45)
London & Metropolitan	Prop	Dec	19,600 L	(26,000 L)	-	(-)	-	(-)
Lowndes Lambert	InBR	Mar	10,300	(9,300)	28.0	(25.8)	13.5	(12.6)
Midland & Scottish	O&G	Dec	96,000 L	(46,400 L)	-	(-)	-	(-)
Mount Charlotte	H&L	Dec	1,000	(1,500)	-	(-)	-	(-)
MS Int'l	Eng	May	460	(1,520 L)	1.0	(-)	2.5	(2.5)
Northern Electric	Elec	Mar	111,400	(96,200)	69.3	(59.6)	21.45	(18.55)
Novo Group	Med	Mar	1,800	(726)	3.82	(2.95)	1.3	(-)
OMI Int'l	OIM	Mar	5,020 L	(13,300 L)	-	(-)	1.75	(1.75)
Platignum	Misc	Mar	713	(405)	2.86	(1.96)	0.5	(-)
Ratners Group	Strs	Jan	40,100 L	(122,300L)	-	(-)	-	(2.4)
Rothmans Int'l	Misc	Mar	614,000	(565,000)	47.4	(42.8)	11.5	(10.25)
Seafield	O&G	Dec	11,100 L	(22,400 L)	-	(-)	-	(-)
Seeboard	Elec	Mar	112,700	(98,400)	62.0	(53.5)	20.0	(17.25)
Shaw (Arthur)	BdMa	Apr	99 L	(410 L)	-	(-)	-	(1.3)
Shield Group	n/a	Mar	282	(1,370 L)	-	(-)	-	(-)
Silvermines	Elec	Dec†	3,230 L	(2,580 L)	-	(-)	-	(1.0)
Sindall (William)	C&C	Dec	4,740 L	(4,190 L)	-	(-)	0.1	(1.5)
Southern Electric	Elec	Mar	187,300	(166,300)	54.5	(47.8)	19.6	(16.86)
Storm Group	Med	Dec	2,110 L	(848 L)	-	(-)	-	(-)
Syltone	Eng	Mar	2,130	(2,870)	15.03	(22.22)	9.45	(9.45)
TGI	Elec	Mar	409	(597)	2.9	(2.5)	1.5	(1.0)
TR Technology	InTr	Apr	4,300	(4,400)	2.7	(3.18)	1.75	(1.75)
Umeco	EngA	Mar	211	(312)	2.27	(3.3)	1.75	(1.75)
United Industries	MM&F	Apr	3,630 L	(1,540 L)	-	(-)	-	(-)
Vistec Group	Elec	Apr	3,500	(2,710)	2.07	(1.52)	0.375	(0.35)
Waddington (John)	PP&P	Apr	6,100	(7,200)	3.19	(4.93)	7.9	(7.9)
Walker & Staff	n/a	Mar	512	(610)	15.5	(18.5)	5.0	(5.0)
Wishaw	OIM	Mar	2,130	(1,340)	1.59	(1.07)	0.5	(0.4)
Yorkshire Electricity	Elec	Mar	156,300	(142,000)	55.7	(46.3)	20.42	(17.76)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Airtours	H&L	Mar	15,900 L	(5,600 L)	1.0	(0.55)
Aukett Associates	Prop	Mar	2,350 L	(1,160 L)	-	(-)
Brunner Inv Tst	InTr	May	-	(-)	2.4	(2.35)
Caldwell Inv	Tex	Apr	176	(32)	0.39	(-)
City Site Estates	Prop	Mar	170	(199)	-	(-)
Crest Nicholson	C&C	Apr	3,900 L	(4,390 L)	-	(-)
Domino Printing	Elec	Apr	3,730	(4,580)	2.65	(2.4)
Dwyer	Prop	Mar	729 L	(731 L)	-	(-)
Eurocamp	H&L	Apr	5,120 L	(4,960 L)	3.45	(3.45)
Everards Brewery	B&D	Mar	599	(144)	6.8	(6.5)
Greenwich Comms	Med	Feb	23 L	(92 L)	-	(-)
Gresham Telecom	Elec	Apr	419	(284)	-	(-)
Heavitree Brewery	B&D	Apr	401	(232)	0.6	(0.6)
Partridge Fine Arts	Strs	Apr	1,050	(987)	1.2	(1.0)
Rodime	Elec	Mar⁂	815	(644 L)	-	(-)
Securicor	TeNt	Mar	28,900	(22,800)	0.73	(0.66)
Securiguard	BsSr	May	3,530	(2,600)	4.5	(3.5)
Security Services	TeNt	Mar	20,100	(14,700)	1.533	(1.39)
WS Industries	Eng	Jun	657 L	(1,010 L)	-	(-)
Widney	Eng	Apr	417 L	(155 L)	-	(-)
Willoughbys' Cons	n/a	Mar	225	(1,590)	0.5	(1.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. # = Net revenue. ⁂ = Figures quoted in US dollars. ♦ = Last years figures for 18 months. † = Figures quoted in Irish pounds & pence.

RIGHTS ISSUES

Asda Property is to raise £16.3m via a 2-for-5 rights issue at 75p.
Birkby is to raise £9.2m via a 1-for-2 rights issue.
Clyde Blowers is to raise £3.6m via a 4-for-5 rights issue at 500p.
Hardy Oil & Gas is to raise £29.1m via a 1-for-4 rights issue at 133p.
Rubicon is to raise £7m via a 7-for-11 rights issue at 120p.
United Newspapers is to raise £190m via a 1-for-5 rights issue at 480p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Business Post Group is to raise £15m via a placing at 120p.
Celsis is to raise £12.4m via a placing of 15m shares at 100p.
City Merchants High Yield Tst is to raise £8.27m via a placing & open offer.
Clayform Properties is to raise £27.1m via a placing & open offer.
Culver Holdings is to raise £1.53m via a placing & open offer of 25.5m shares at 6p.
Policy Portfolio is to join the main market via a placing of 3.6m shares at 130p.

RESULTS DUE

Company	Sector	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Abtrust New Dawn Inv	InTr	Monday	-	0.5	-
Asprey	Strs	Tuesday	1.1	3.75	1.1
Associated British Eng	Otin	Thursday	-	0.05	-
Associated Nursing Services	H&H	Monday	-	-	-
Avesco	Med	Tuesday	0.5	-	-
Banner Homes	C&C	Thursday	-	-	-
Bespak	H&H	Wednesday	3.5	5.5	4.0
British Bloodstock	Misc	Thursday	-	-	-
Bromsgrove Industries	Eng	Monday	1.5	2.5	1.65
Brown & Tawse	Otin	Friday	2.65	1.85	-
Budgens	FdRt	Wednesday	-	-	-
Burtonwood Brewery	B&D	Thursday	0.7	3.75	0.7
Carclo Engineering	Eng	Monday	1.71	3.1	1.8
Colefax & Fowler	Misc	Tuesday	1.3	1.3	0.5
Creightons Naturally	H&H	Monday	2.0	5.0	2.1
Darby Group	BdMa	Thursday	1.2	0.8	-
Dixons Group	Strs	Wednesday	1.6	4.4	1.6
EFM Japan Tst	InTr	Wednesday	-	-	-
Equity Consort Inv Tst	InTr	Thursday	11.06	13.12	11.06
Evans of Leeds	Prop	Tuesday	1.3	2.85	1.43
Farepak	FdRt	Tuesday	1.45	3.55	1.65
First Spanish Inv	InTr	Wednesday	-	1.15	-
Fleming Geared Income	InTr	Thursday	2.97	-	2.97
Fleming Int'l High	InTr	Wednesday	1.0	2.57	1.0
Gibbons Lyons	PP&P	Thursday	2.0	3.0	2.0
Gold Greenlees Trott	Med	Thursday	3.3	5.0	3.3
Greene King	B&D	Thursday	3.5	8.1	3.7
Hadleigh Industries	Eng	Wednesday	1.25	-	-
Howden Group	Eng	Tuesday	0.7	1.3	0.75
Joseph (Leopold)	MeBk	Wednesday	3.1	12.75	2.1
Latham (James)	BdMa	Friday	1.5	2.25	1.5
Midlands Electricity	Elec	Tuesday	5.65	11.6	6.35
Peel Holdings	Prop	Thursday	1.0	2.0	1.0
Pelican Group	H&L	Friday	-	1.0	-
Scottish & Newcastle	B&D	Monday	5.51	10.59	5.76
Sims Food	FdMa	Tuesday	3.0	8.25	3.0
Sterling Publishing	Med	Tuesday	0.5	2.0	0.6
Stewart & Wight	Prop	Thursday	-	120.0	-
Taunton Cider	B&D	Wednesday	-	-	2.4
Tops Estates	Prop	Wednesday	0.55	1.45	0.577
Upton & Southern	Strs	Friday	-	-	-
Vardy (Reg)	Mtrs	Wednesday	1.3	2.7	1.3
INTERIM DIVIDENDS					
Dewhurst	Elec	Thursday	0.63	1.26	-
Eurotherm	Elec	Tuesday	3.0	5.0	-
Fyffes	FdRt	Monday	0.355	0.898	-
Gardiner Group	BsSr	Monday	0.47	0.19	-
Hawtin	Tex	Thursday	-	0.89	-
Jersey Electricity	Elec	Tuesday	-	-	-
Lee (Arthur) & Sons	n/a	Monday	1.65	4.25	-
Microgen Hldgs	PP&P	Thursday	2.2	5.05	-
P&P	Elec	Tuesday	0.7	0.7	-
Torex Hire	C&C	Wednesday	-	0.4	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

Directors' Transactions

HUNTLEIGH Technology has been one of the few recent stars of the health and household sector. Montague Samuels, a non-executive director, has sold 100,000 shares at 410p while a colleague, Dr S.J. Cook, has disposed of his remaining 11,000 at the same price.

Mini-conglomerate Suter has seen considerable director activity. Chairman David Abell sold around 110,000 shares but he, Robert Morris and Anthony Owen bought substantial amounts of Suter warrants.

Colin Rogers, the Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Bradstock	InsB	250,000	335	1
Capital Industries	Pack	20,000	41	1
Central ITV	Med	800	16	1
Delyn Group	Pack	30,000	25	1
Elect Data Processg	Elns	51,350	297	2
Enterprise Oil	O&G	5,000	28	1
Euromoney Publ	Med	1,471	16	1*
Flextech	Med	50,000	50	1
Huntleigh Technlgy	Hlth	111,000	455	2
MacFarlane Grp Clan	Pack	250,000	468	1
MAI	OthF	19,000	38	1
McKechnie	Othl	2,810	12	1
Mercury Asst Mangmt	OthF	50,000	262	1
Owen & Robinson	Stor	75,000	23	1
Pentos	Stor	200,000	104	1
RMC Group	BdMa	3,000	23	1
Sainsbury (J)	FdRe	3,500	17	1
Suter	Othl	109,807	171	2
Vodafone	Tele	6,800	30	1
Wood (SW)	Pack	2,231,747	1,540	3
PURCHASES				
Acatos & Hutcheson	FdMa	22,000	51	1
Alexon Group	Stor	78,500	49	4
David Lloyd Leisure	H&L	100,000	186	1
Greenwich Resources	Mine	179,500	31	1
Henlys Group	Motr	8,291	15	1
Ingham	Text	25,000	38	1
Lucas Industries A	Motr	11,412	15	1
Stirling Group	Text	15,000	11	1
Suter Warrants	Othl	424,023	173	3

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 21 - 25 June1993. Source: Directus Ltd, The Inside Track, Edinburgh

The Week Ahead

SCOTTISH & Newcastle is expected to report full-year pre-tax profits on Monday of about £202m compared with the previous 53 weeks' £221m. The results will reflect lower property profits and exceptional costs of reducing staff numbers. Growth at Center Parcs is unlikely to make up for tough trading in the brewing and retailing sectors.

Dixons, the electrical goods retailer, is expected to report on Wednesday pre-tax profits for the year to April of about £80m, up from £70.8m a year earlier. Some increase in UK profits will be offset by continuing losses in the US.

Taunton Cider should brighten the market on Wednesday with forecast profits of £17.5m for its first full year after flotation. The cider market grew during the past year at close to 8 per cent against a 3 per cent decline in beer, and Taunton's brands were well placed at the premium end of the market.

Greene King, the East-Anglian based brewer, is expected to report full-year profits little changed at £20.3m on Thursday. Growth in the free trade is believed to have slowed, and although the company's managed pubs have performed well, beer sales are down in the tenanted houses.

Howden Group, the Glasgow-based engineering company, is expected on Wednesday to report flat annual profits of about £18m after being adversely affected by exchange rate movements.

Wednesday brings annual results from Budgens, the small UK food retailing chain in which Rewe, one of Germany's largest food retailers, bought a 26 per cent stake in April. Budgens is expected to have increased pre-tax profits from £4.5m to between £6.5m-£7m and to resume paying a dividend.

Most interest, though, will focus on the intentions of the Germans towards the group, which management is trying to re-shape in a fiercely competitive environment.

FINANCE AND THE FAMILY

Doing the Splits / Philip Coggan

Exeter's benefits bypass investors

HAS Exeter Preferred Capital investment trust been a success or a failure? Much depends on your point of view.

The managers have been able to increase the assets by 34.3 per cent, to 128.9p per share, since the launch in January 1992. But investors have scarcely seen the benefit; the share price is now 101p, just 1p above the issue figure.

Exeter Preferred is not strictly a split capital trust. Technically, it has only one class of share; its zero coupon security is a debenture rather than a preference share. But it invests exclusively in the shares of split capital trusts.

Its fortunes (and that of its investors) are tied up with those of the split capital sector. And its manager, Ian Henderson Associates, specialises in split capital trusts and has launched a range of unit and investment trusts devoted to the split sector.

At launch time, the idea behind Exeter Preferred sounded clever. It would invest in high-yielding income shares and zero dividend preference shares of split capital trusts.

Then, it would make annual provision for the rise in the value of its zero debenture and offset this, for tax purposes, against its dividend income.

Benefits would be twofold: tax efficiency, since the trust would pay tax on only a small part of its income; and enhanced performance, since the "interest" on the zero is not actually cash flow and can, thus, be re-invested.

Furthermore, while the zero debenture increased in value at 11.15 per cent a year, the trust's aim was to invest in other zeros yielding 11.5 per cent a year and income shares (yielding 15 per cent). The result would be to "gear up" the return on the ordinary shares to 13.5 per cent a year.

Shareholders, however, would find that this return did not come as income because the trust would be retaining its income for the tax-efficient reasons described previously.

So, the return would be as capital gain, and the managers felt confident enough to predict a final net asset value, in 2002, of 340p a share, in other words – as the trust's broker, Greig Middleton, said in a research note at launch time – the ordinary shares were "designed to look and behave like zeros."

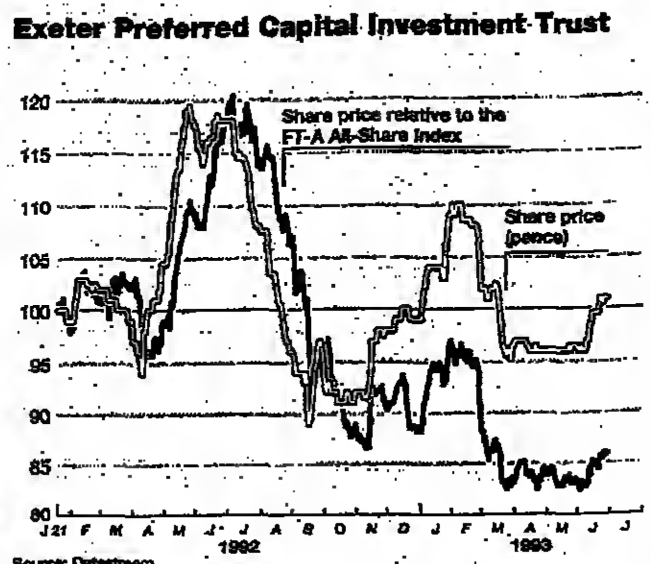
All this might have been extremely sophisticated but problems occurred very early in the trust's life. As the UK recession continued to bite, it became clear that many companies were being forced to cut their dividends.

In turn, that raised doubts on whether split capital trust income shares could maintain and increase their dividends.

The prices of income shares fell by 20 per cent between January and October 1992. That had a direct impact on Exeter Preferred's portfolio; by October 1992, the net asset value had dropped to 85p.

While income shares were falling, zeros were rising and, indeed, the trust's own zero debenture was still growing relentlessly at 11.15 per cent a year. Accordingly, in September last year the trust changed its strategy. It sold some of its holding in zeros and used the money to "de-gear" by paying off £8m of its own zero debenture.

Exeter Preferred Capital Investment Trust



Source: Datastream

This might have led to confusion about its aims. David Thomas, of Greig Middleton, wrote recently: "EPC's simple arithmetic of adding an assured dividend return to a rolled-up dividend yield has subtly given place to something different.

"The zeroes remain safety ballast but there is now a considerably geared exposure to heavily-geared hybrid income and capital shares. EPC will depend much more on the movements in equity prices than it did at inception."

Now, the portfolio is divided between zeros (42 per cent); old-style income shares – those which have a fixed repayment value (30 per cent); geared income shares (18 per cent), and capital shares (9 per cent).

The good news is that prices of both income shares and zeros have rebounded very heavily since sterling's departure from the European exchange rate mechanism, and the subsequent falls in interest rates.

The trust decided to increase its gearing in June by raising £7m in the form of a bank loan, yielding 8.37 per cent. Thus, it has, effectively, replaced part of the zero debenture with cheaper debt. So why, given some of the positive events of recent months, is the trust at such a wide discount of 21 per cent?

Perhaps it is the structure, which might be perceived as too clever by half. Perhaps it is because shares, which apparently were devised to behave like zeros, have not done so.

Certainly, the Budget change to advance corporation tax did not help. By reducing the tax credit on dividends, it hit the core strategy of Exeter: the re-investment of gross dividends.

Can Exeter come back into favour? "There is the prospect of the discount narrowing once investors realise the potential of the trust for turning high-yielding income shares into capital gain," says Lewis Aaron, investment trust analyst at S.G. Warburg Securities.

"But they should also understand the risks. The interest rate effect which boosted the zeros in the portfolio could work the other way. However, on balance, the trust should provide a good total return – at least equal to the market – over time."

■ **Key facts**

Exeter Preferred has total assets of £63m, and is due to be wound up in 2002. The annual management fee of Ian Henderson Associates is 0.3 per cent of gross assets, subject to a minimum of £30,000 a quarter.

■ **Board**

Chairman Timothy Kimber is a former executive director of Lazard Brothers. Other directors are Peregrine Banbury, head of the investment department at Coutts; David Brooks, a director of J.O. Hambro; Peregrine Moncrieffe, chief executive of Buchanan Partners; and Sir Stephen Waley-Cohen, managing director of Victoria Palace Theatre.

■ **Savings scheme and Pep details**

There is no savings scheme. The trust shares are Pepable via a self-select plan.

□ *This is the last in our series on split capital investment trusts. Next week, we begin a series on unit trusts.*

A new strategy for income shares

Two trust groups recently warned shareholders of the dangers of reinvesting dividends in income shares. But Ian McKeever suggests ways sophisticated investors can profit from reinvestment

THE SIMPLEST kind of income share provides only dividends and a negligible capital payment when the trust is wound up. These are often called annuity shares (for obvious reasons) and probably are the most misunderstood of all.

They substitute a taxable income stream for an untaxed return of capital and forego any hope of capital gain except in the very short term. This might be in the price, but it makes them attractive only to non-taxpaying investors such as pension funds and charities or, more interestingly, Pep-holders.

They are very rewarding for these non-taxpayers who, effectively, pay only a small premium for the net dividends and receive in addition a 20 per cent tax refund from the Inland Revenue. This provides a very good investment return.

The problem of the lost capital remains, but what matters is the total investment return after tax. The capital gain on zero coupon preference is an attractive surrogate for interest on a deposit account. In this case the opposite is true: the dividend stream is an attractive surrogate for capital or capital gain in a Pep.

All that is required is that the dividends be re-invested. Although the price of the individual shares might fall, the portfolio would hold an increasing number of them and its market value should increase.

Because the investment return is received from a dividend stream, rather than realising the underlying portfolio, the risk is of falling dividends rather than falling market values. The return is immune to the effect of low market values when the trust is wound up.

As the number of dividends to be received is constantly reducing, the market value of the shares will tend to fall as wind-up approaches. If dividends are re-invested, this will be more than compensated for by the increase in the number of shares held.

The past year has provided two reasons for falls in gross dividends. Dividends have reduced marginally over the past 12 months but the extent of this for the market overall is small and the unusual nature of such an event has been shown by the media attention paid to reduced dividends from, for example, Barclays and BP. The more serious risk is of political change: this year's Budget has reduced gross dividends by 6 per cent.

Clearly if the strategy of reinvestment of dividends is followed, eventually the whole investment will be in the final dividend from the trust. Even so, the risk of a substantial fall in that dividend is much less than that of a substantial fall in the market values of the underlying assets. Where the trust holds a revenue reserve this will also be distributed with the final dividend, further stabilising the amount available for the final payment.

The problem with reinvesting dividends is the need to obtain an increasing number of shares. As wind up approaches, the price of the income shares will be falling rapidly and the dividend income will be rising equally rapidly. The effect of this on the demand for the shares will eventually be enormous.

For example, only a very few people investing £6,000 in a Pep of Jos Income Shares would eventually end up holding the whole issue of this class of share capital. For the investor this is not really a risk because there is the option of selling the holding at the inflated market value and repeating the exercise with another income share further from maturity.

For a Pep holder they represent a relatively low risk investment in spite of the apparent unattractiveness. Assuming reinvestment of dividends and no dividend growth the expected return would be around 8 per cent. If dividends grew at 5 per cent per annum the return would be around 13 per cent. Even if dividends fall these shares should offer the Pep investor a positive return.

An alternative application for a Pep investment in income shares is for school fees planning. All that is needed when the fees come to be paid is for the dividends to be paid out rather than reinvested. This eliminates the risk of having to sell shares after a substantial fall in the stock market.

Other strategies are possible. An investor could invest part of his capital in income shares through a Pep and invest part directly in zero coupon preference shares. The income shares would provide a growing income and the zeros would ensure the return of the original outlay on wind up.

This might be particularly suitable for retired people who could maintain their income after that by using the money to purchase an index linked annuity. This would then be a more attractive proposition as they can then confidently expect to be somewhat older.

With these income shares the tax advantages are likely to far outweigh the Pep managers' charges even after the budget changes. The only disadvantage is that the capital loss will give no tax benefits.

■ *Ian McKeever is a consulting actuary.*

Tigers with eastern promise

NAMES full of dragons and tigers paint an exotic, rather threatening picture of unit trusts investing in south-east Asia – but their performance over the past decade has earned them a rather more friendly image with many private investors.

Those dealing in the Far East excluding Japan – principally Hong Kong, Malaysia, Singapore, Thailand, South Korea, Taiwan, Indonesia and the Philippines – have outperformed the average of unit trusts over every period up to 10 years.

For example, the average growth of funds in the sector over seven years is 254.7 per cent, but the average for other unit trusts over the same period is 80.9 per cent.

Over five years, all but one of the funds in the sector has done better than the average of other unit trusts over the same period. Funds invested in the Far East including Japan have not done quite as well.

The reason is that most of the economies in the region have been concentrating on industrialisation and development, and growing much faster than those in the west.

Even though growth has slowed in some countries on the Pacific rim, others – such as China – have started to boom and the region as a whole shows no sign of running out of steam. Once recovery takes hold in the west and Japan, the export-orientated economies of south-east Asia should benefit, too.

"It is difficult to believe that there is anywhere that is as attractive," says Peter Chesterfield, Far East director for Abbey Unit Trusts. "I think the returns will continue to please."

Best performing Pacific funds over 3 yrs

Fund	% growth
Gartmore Hong Kong	174.6
Providence Cap HK	153.0
INVESCO HK & China	131.0
James Capel Hong Kong	121.2
Royal London FE Growth	71.5
Stewart Ivory New Pacific	69.9
Cazenove Pacific Portfolio	69.3
Perpetual Asian Smr Mkts	69.0
Schroder Pacific Growth	65.5
Schroder Pacific Acc (Inst)	63.8

Source: Finstat. Offer-to-bid with income reinvested over 3 yrs to June 1.

Best performing Pacific funds over 7 years

Trust	% growth
Abbey Asian Pacific	423.8
Gartmore Hong Kong	386.3
INVESCO South East Asia	372.3
S&P SE Asia Growth	364.4
Thornton Tiger	330.8
Fidelity South East Asia	303.1
NM Singapore & Malaysian	293.3
James Capel Hong Kong	287.7
INVESCO HK & China	223.0
Gartmore Pacific Growth	221.6

Source: Finstat. Offer-to-bid with income reinvested over 7 years to June 1.

Adaline Ko, who manages the South East Asia Growth fund for Save & Prosper, adds: "We are still very positive on the region. We feel it is one of the fastest-growing parts of the world, especially during a recession in the western world and Japan."

Many of the region's markets are still classified as emerging markets. They are in developing countries where the stock market might be small and not regulated as carefully as in more developed nations. It might not be as liquid, either. Such markets are seen as riskier – but the rewards can be high.

The region also has some well established markets, such as Hong Kong and Singapore. But established markets are no guarantee of stability: the Hong Kong stock exchange can be particularly volatile.

Unit trusts investing in the Far East usually are either single-country or regional funds. The former can give high returns if the country's stock market is going through a boom period, but they can underperform regional indices seriously during bad patches.

Past performance is no guide to future performance. Take Providence Capitol's Thailand fund, which was the best performer over the past year, growing by a very healthy 68.1 per cent.

Over two and three years, though, it languished at 41 and 42 out of around 50 in the performance tables.

Hong Kong-dominated funds had a bad time last year, slipping from the top of the rankings to the middle. Gartmore's Hong Kong fund is an extreme example – it is the best performer in the sector over two, three, five and 10 years, and second-best over seven years – but it plummeted to 30th over the past year.

Regional funds can spread the risk more evenly between different countries, and managers can change the weighting given to each country in the fund depending on their view of its economy and stock market growth prospects.

Here, a good manager's performance can be more consistent, within the constraints of the markets as a whole. The drawback is that the diffusion of risk means these funds cannot take as much advantage of a spectacular rise in any single market.

Funds in this sector aim to maximise long-term capital growth rather than provide income. Dividend yields in this area are fairly low, except in the Hong Kong market.

The usual advice to private investors is to put only a small portion of their portfolio into a Pacific region fund. Although the markets can produce good short-term gains, their greater volatility means that a longer-term approach is the most prudent.

The Chinese economy, for instance, is felt to be overheated at present, and any cooling measures taken by the Beijing government may have an impact on sentiment in Hong Kong, where most of the funds have a large proportion of their holdings. But this should be a temporary setback.

"Although we are happy in the long term, it is not necessarily going to be smooth all through the years. Occasionally, there will be slow-downs," says Ko.

"The problem is that, at this stage, we really cannot say whether China will come down for a very hard landing or a milder one."

Simon Nicholson, of Gartmore, adds: "In general, if you have got a strong constitution, you should have some money in the Far East. You have got to have the guts to sit on the tiger and ride it. If the market falls, you should do a bit more and sit it out."

Another reason for going into any unit trust with a long-term view is the initial charge, generally about 5 to 6 per cent of the amount invested: you need to stay in the fund long enough to recoup your money. Annual charges are in the 1-2 per cent range.

Unit trusts in this sector do not qualify for full Pep investment, which means that a maximum of £1,500 can be put into them using a Pep.

The minimum investment in most of the funds is £1,000, but some also offer saving schemes for smaller or more cautious investors.

These start at £20 a month for the Gartmore Hong Kong fund, £35 with Save & Prosper, or £50 a month for the Fidelity South East Asia fund.

Bethan Hutton

Loans for the boys

BECAUSE OF problems in his business, I have been making my son personal interest-free loans for the past few months, all without written documentation. I believe this private agreement is of no concern to anyone else, including the taxman? Am I right?

■ Broadly speaking, the answer is yes – unless, of course, your son's tax inspector asks where the money in question came from. For a number of reasons, though, it would be as well to ask your son for a written acknowledgement of the loans.

I HAVE lent my son-in-law £39,000. I have a written acknowledgement and could soon be seeking repayment. No interest payment was specified and none was made. Will the Inland Revenue be able to claim income tax at some specified rate on the loan?

■ Not unless your son-in-law invested the money (or part of it). If he did invest it (or put it into an interest-bearing account), then the income which he derived from it will be assessable upon you – and not on him – by virtue of, for example, section 672 of the Income and Corporation Taxes Act 1988.

There are other anti-avoidance provisions which might conceivably bite – section 786 (Transactions associated with loans and credit), for example – but it seems unlikely from the bare facts outlined in your letter. If you are in doubt, it could pay you to consult a local accountant or solicitor.

The Revenue won't write

I AM A non-resident UK citizen (I live in France) with a relatively small amount of British income. But I make a UK tax return since I get an annual rebate of a few hundred pounds on tax deducted from dividends. From 1991/92 on, I have had some income from literary composition written abroad and published in the UK.

For the past 12 months, I have tried without success to obtain information from the Inland Revenue on what expenses I can deduct from my royalties. Can you tell me? And how can I persuade the Revenue to answer my letters?

■ Under article 12 of the France-UK double taxation convention (as amended in 1987) you are entitled to exemption from UK tax on your royalties. Write for a claim form to the Inspector of Foreign Dividends, Lynwood Road, Thames Ditton, Surrey KT7 0DP, mentioning the reference number under which your claims have been dealt with (or rather not dealt with) at the Foreign Claims Branch. At the same time, you might like to ask for a copy of the free pamphlet IR120 (You and the Inland Revenue).

Incidentally, you are not strictly correct in talking about "tax deducted from dividends." UK dividends have been paid without deduction of tax since April 6 1973. What you have been claiming is a payment of tax credit: the distinction between tax credit and deducted income tax will become clear when you submit your claim for tax credit in respect of dividends paid during the present tax year.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

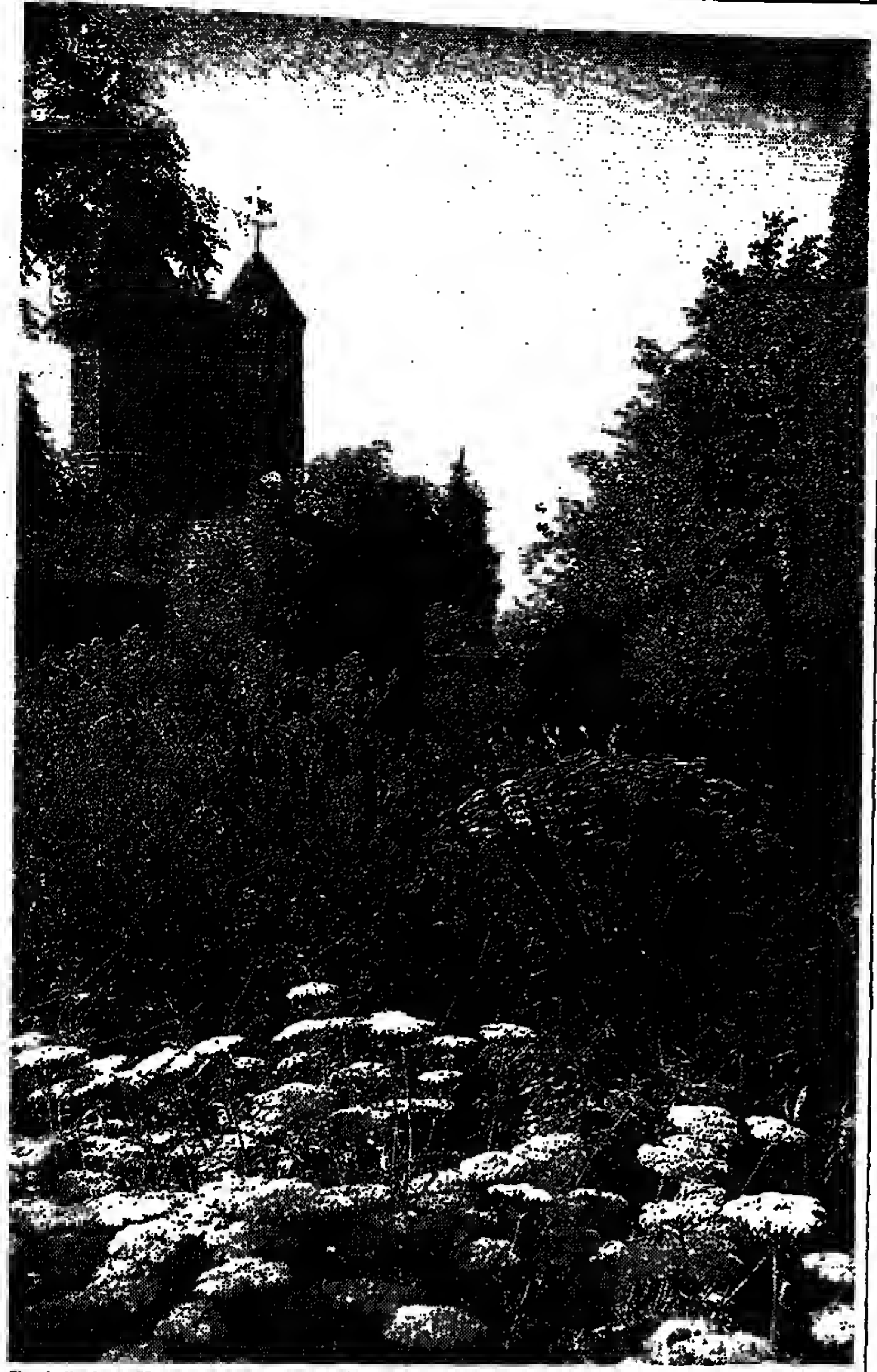
HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Co-operative Bank	Pathfinder	0345 252000	Instant	£100	5.84%A	Mly
Birmingham Midshires BS	First Class	0902 302090	Postal	£500	6.75%	Yly
Northern Rock BS	Postal	0500 505000	Postal	£2,000	7.05%	Yly
				£20,000	7.55%	Yly
NOTICE A/cs and BONDS						
Bradford & Bingley BS	Direct Notice	0345 247247	30 Day	£1,000	7.00%	Yly
				£25,000	7.75%	Yly
Chorley & District BS	Astley Share	0257 279373	6 Mth	£75,000	8.55%G	Yly
Chelsea BS	Premier VIII	0800 272505	30.9.95	£10,000	9.00%E	Yly
MONTHLY INTEREST						
Britannia BS	Capital Trust	0800 654456	Postal	£5,000	6.55%	Mly
Bradford & Bingley BS	Direct Notice	0345 247247	30 day	£25,000	7.50%	Mly
Bristol & West BS	Limited EditionBd	0800 486487	31.1.95	£25,000	7.81%	Mly
Chelsea BS	Premier VIII	0800 272505	30.9.95	£10,000	8.65%E	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£25	8.05%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	8.00%	Yly
National Counties BS		0372 739702	5 Year	£3,000	7.90%	Yly
Dudley BS		0384 231414	5 Year	£10	7.87%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.50%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.10%	Yly
				£25,000	7.10%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	7.07%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	6.25%	Yly
Confederation Bank Jersey	Flexible Investm	0534 608060	60 Day	£10,000	6.75%	½Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£50,000	8.00%	Yly
Bristol & West Intl Ltd	Intl Premier	0800 833222	5 Mth ‡	£5,000	6.55%	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	5.00%	Yly
Consolidated Life FN		081 940 8343	2 Year	£2,000	5.70%	Yly
Consolidated Life FN		081 940 8343	3 Year	£2,000	6.35%	Yly
Financial Assurance FN		081 367 6000	4 Year	£50,000	6.55%	Yly
Swiss Life FN		0732 450161	5 Year	£5,000	6.70%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%	Yly
	Income Bonds		3 Month	£2,000	7.00%	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.34%	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. ‡ = After 6 months qualifying period.
A = Initial deposit of £5,000 or £100 per month required. E = Rate fixed until 1.10.93. G = 0.5% bonus providing no withdrawals per annum.

Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain s complimentary copy by phoning 0692 500677.

GARDENING / MINDING YOUR OWN BUSINESS



Simply the best: 60 years on the gardens at Sissinghurst are changed but undiminished

Gardening

Sissinghurst is still an absolute joy

Robin Lane Fox argues the horticultural case against relativism

EVERYTHING, since Einstein, is supposed to be relative. Absolutes, allegedly, are out. Tell people that something *is better than something* else, and most of them will react as if you are saying more about yourself than the object in question. I wish them the best of luck.

For years, I have believed there is no better garden than Sissinghurst, in Kent. Gardens, however, do vary with time and, in order to be sure, you have to continue visiting them.

It is 10 years since I last put Sissinghurst at the top of the British league. Meanwhile, relativists have muttered: have you seen it now the polyanthus no longer can be bedded-out en masse? After all, 30 years have passed since the founding partners died: can it really sustain the Nicolsons' view of what gardens are all about?

What about the crowds? Have not the frosts been too unkind too often? What about Pam and Sybille, the two great bearers of the Sackville-West legacy who retired two years ago after their inspired tenure as head gardeners?

I know all these mutterings and many more: "I went to Sissinghurst recently and I did think that it was going back ... have you seen what the National Trust is doing? ... isn't it dreadful about the alstroemerias? ... Hebe Quicksilver did not last long in the White Garden after you wrote so politely about it ... Vita never would have allowed it to look so tidy ... they have gone and removed the meconopsis ... aren't the people frightful? ..."

Last year, there was a new note to the whingeing chorus: what are we to do about the timed ticket? Sometimes, you might turn up with a Glyndebourne picnic in the car boot and find the great British public had turned up, too, and that the silly National Trust kept you waiting for more than an hour until the garden was sufficiently empty. In 1991, some 200,000 visited. The timing of tickets cut that to 150,000 last year, but it remains 10 times as large as the number in Vita's day.

Anyway (or so the whinge goes), the Sackville-West style has been absorbed so widely that you can see it all over the world, wherever a stockbroker lives in an oast house or a lady member of the Garden Club of America has made a garden in a suburb on the East Coast.

Last Sunday morning, the sunshine was serene: the day had been scripted by H. E. Bates and, just before the first of the timed tickets entered, I found myself in the gardens prepared, for a moment, to believe the whingeing might be right. Could a new head gardener keep up the act? Would it not now be too familiar, if only through imitation? Like Gertrude Jekyll's books, might not Sissinghurst's borders seem rather out-dated now that we plant finders can discover so much more to grow?

The whingeing is absolutely wrong. It is not just that I was the first to stand beneath that famous central canopy of the white rose longicuspis, in the heart of the White Garden where hundreds of bees drowned the whingeing in a superior, contented chorus. Against its ground plan of green box, it shone soothingly: so what, you imitators, the bees murmured? Do you, too, think that you can get it quite so right?

Every garden changes, but I cannot see any signs of decline. The point about Sissinghurst is that it continues to change in the artistic vanguard. I never knew Vita Sackville-West, but I have been one of her closest readers and, if she was still there and allowed to enjoy the luxury of the Trust's seven gardeners, I believe she would have wished to change her garden in just this way.

The new head is Sara Cook, who is manifestly in keeping with the genius of the place. Aged 35, she moved to Sissinghurst from the National Trust's more recent challenge of the large garden at Upton House, near Banbury. At Sissinghurst, there is less scope for lavender and none for terraces but, for Cook, it was more a return than a departure.

Previously, she had served in the garden under the great partnership of Misses Schwerdt and Kreuzberger, both of whom endorsed her succession. As they had served with Vita herself, there is an apostolic succession about it all.

On Cook's staff, the four men out-number the three women, but Nigel Nicolson tells me the gender balance is not representative. When Sissinghurst advertises for a gardener, about four-fifths of the applicants are females.

In its cosmetics, Sissinghurst is not a stale garden left behind by progress. It has all the best new bedding plants and half-hardy favourites. In its framework, it is still true to its origins, and Harold Nicolson's placing and eye for proportion will never go out of date. Some of the older rambling roses have a pleasantly time-warped feel, but they merely remind us that this garden has been made during 60 years.

In the bright sunlight, I saw why parts of this garden have been so difficult to photograph justly. The light is intense and unshielded in the main rose garden: visitors, but not cameras, can pick up the dozens of details.

Sweet Williams lurk beneath a great tangle of blue Clematis durandii and its satin petals on peasticks. A great buttress of Trachelospermum releases its sugary scent from hundreds of fading white flowers, looking like stars above the intense blue of an unusual Felicia which has been bedded underneath. Photographs cannot catch these details among the glare of full sun and the challenge of strong pink and purple old roses.

The Cottage Garden is another matter, where the inspired combination of yellow, red and orange flowers is soothed by the constant interplay of green and shade and the tones of the old brickwork. Here, on a cloudless day, even the strong red roses on the climbing Parkdirektor Riggers lost their metallic gleam.

Photographs over the years have confronted these contrasts and failed to catch them. As always, I noted the masterly touches: the tender pink convolvulus against the brick-red tower, or the dark blue flowers of bulbous Brodiaea which run through the low perennials in the purple border in June. I also noted the garden's extreme exposure to light and the consequent heightening of Nicolson's areas of unplanted green.

Go and see it, on a morning this weekend when the white roses will still be visible (although perhaps not as perfect as last Sunday). Argue, if you must, that Keats is only another poet and that Jane Austen seems special only to people who never read Aphra Behn. Some things are not staled by repetition or diminished by contention. As Sissinghurst changes with the times, it is there to prove you wrong.

Minding Your Own Business

Pressing work in a rural idyll

Nick Garnett meets a couple whose venture allowed them to leave the city

IT IS A DREAM many budding entrepreneurs clutch close to their heart. You set up a part-time business venture from your urban home. Then, with a bit of courage and good fortune, you move lock, stock and barrel to a rural idyll and run the company from an office overlooking cow pastures or an orchard. So far, the dream has spawned a financially realistic lifestyle for Alex Hill.

Nine years ago, Hill bought two dozen tiny fruit presses from Hungary at £16 each and sold them from his flat in Brixton, London. After a slow start, the business took root and he and his wife Barbara moved with it in 1987 to a lovely former farmhouse on the Devon side of the Black Down Hills.

From a small office at the back of the house, Hill imports and sells those fruit-presses, and a range of related equipment such as fruit crushers, hydraulic apple presses and little machines for stripping grape stalks. Vigo Vineyard Supplies sells to Britain's commercial and hobby vineyards, cider and apple juice makers and home wine makers.

For the 12 months to April this year, Vigo generated a turnover of £330,000 on which it returned a pre-tax profit of £30,000 as well as providing £20,000 for the family to live on. These figures underplay the profit margin because a lot of gross profit goes into stock. This stood last month at £50,000 worth. Turnover of more than £300,000 compares with £26,000 in 1988-89.

"I guess a lot of people fantasise about doing something like this," says Hill. "We love it here and certainly wouldn't go back to London. I couldn't cope with it here though if I was on my own. It's very quiet. You need a family around you."

In 1981, during a cycling holiday in Hungary, Hill spotted small fruit presses for sale; wooden baskets with a metal thread press and cast iron base. Hill, a home wine maker, asked a friend travelling in Hungary the following year to bring one back.

"A lot of my friends saw this and asked whether I could get one for them." Hill is a former motorbike messenger with a university degree in international relations. He had been working for a relative's import and export firm. "That taught me that you could buy a shipload of stuff in one place, send it halfway round the world and cream off some money without even seeing the commodity."

Hill visited the trade department of the Hungarian embassy in London and was given the name of the Hungarian trading company that handles exports for the press manufacturer. "I shipped across two dozen in 1984 using the British freight forwarding company the Hungarian trading outfit used."

Yellow Pages provided the names of home brew shops. "I borrowed my sister's car and visited 13 or 14 shops in Kent and Sussex. I sold them all straightaway. The ex-works cost was £16 each and I sold them for £40."

Hill then plunged in with an order for 400 at £8,000, the Hungarians providing 180 days' credit. He stored the units under a railway arch. A public library's collection of Yellow Pages provided addresses for 400 shops across the UK selling home brew equipment. With the help of a £40 a week enterprise allowance, he sent out an A4 advertising sheet. "We sold all the machines well before the 180 days were up."

Vigo bobbled along, generating between £25,000 and £40,000 turnover a year and marginal profits and losses until 1989. "I decided we needed a much bigger range of items. I travelled a lot in Italy, Germany, Austria and France, visiting agricultural machinery and vineyard equipment shows as well as manufacturers. I always came back with briefcases bulging." The company began selling new items like centrifugal apple mills, hydraulic fruit presses, grape crushers and high-speed de-stalkers. Turnover in 1990 jumped to £150,000 and to £232,000 two years later.

Fruits of their labours: Alan and Barbara Hill with one of the presses they sell

Vigo's products range from a £75 crusher to a £45,000 automatic cider press. Sales are generated by word of mouth and advertising in specialist magazines such as *The Grower* and *The Grape Press*. Vigo has taken a warehouse in a nearby village on a 12-year lease and employs a full-time warehouseman and two part-time staff for book-keeping and secretarial work. Transport, advertising, warehousing and staff each cost about £12,000-£15,000 a year. The company has financed itself with a little help from a bank overdraft.

Vigo presents Hill with some management problems. Tied to the D-mark, the Hungarians are pricing themselves out of the market and eroding Vigo's margins. Hill expects to switch most of his purchasing to Italy, whose 1m registered vineyards support an array of manufacturers. Sales are limited by the size of the UK grape harvest. "If it's a dismal summer and autumn, and they cannot sell fruit, then we do not sell equipment." Business is seasonal: 75 per cent of turnover is between August and November.

The biggest long-term headache is the indestructible nature of much of the machinery Hill sells. "It is a worry that when natural growth of the business ceases there is really no replacement market."

So Hill is starting to market products with repeat sales potential, such as corks, bottles and chemicals used in drink-making. The Hills have also been making cider for commercial sales right up to the 7,000 litres a year allowed before the application of excise duty. They have just brought out their own sparkling cider.

One thing the business has taught Hill is not to be too confident. One venture failed when he contracted one of the Hungarian companies to make play-pens. They were made badly and fell apart as soon as they arrived, losing him £5,000.

■ *Vigo Vineyard Supplies, Bollhayes Park, Clayhidon, Cullompton, Devon EX15 3PN. 0823-680 230.*

HOW TO SPEND IT

To travel hopefully . . .

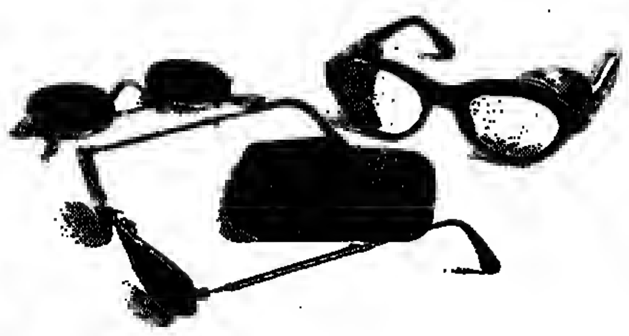
. . . and to arrive safely and in complete comfort, is ***Lucia van der Post's*** *aim*

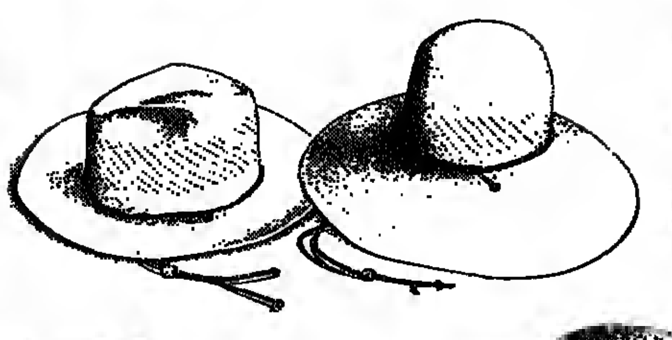
NOW THAT few of us travel to the parts that smart hotel chains do not reach, packing for our holidays is nothing like the serious matter it once used to be.

If we are not conquerors of Everest, like Rebecca Stephens, or adventurers such as Colonel Blashford-Snell, we are unlikely to meet the kind of emergency that cannot be dealt with locally.

However, getting it right before we go seems worth the effort, if only because it allows more time and comfort to do more agreeable things than shop for things we have left behind. For the really intrepid traveller – the sort who needs mosquito tablets, water purifying tablets, emergency lighting, that sort of thing, there are two specialist shops worth mentioning – Travelling Light of Morland House, Morland, Penrith, Cumbria CA10 3 AZ (tel: 0931-714 488 for a catalogue) and Safariquip, The Stones, Castleton, Sheffield, S30 2WX (Tel: 0433-620 320).

Another essential for most of us is something good to read. Bloomsbury Classics are worth knowing about – "small . . . but perfectly bound" goes the blurb and I could not put it better myself. Light and packable, there are 22 contemporary classics, such as Michael Ondaatje's *Coming Through Slaughter* or Brian Moore's *The Lonely Passion of Judith Hearne*. Each costs about £10.





DRAWINGS BY ASHLEY LLOYD

■ IF YOU have, as I do, a friend who is gradually going blind from too many years spent in the African sunshine, if you know that writer Wilfred Thesiger, too, is almost blind from the effects of the desert sun, then you will probably not need much urging to wear sunglasses in strong sunlight.

Sunglasses are not just for the *Hello!* set, photographed as they stumble out of jets or enter nightclubs. With lenses of good optical quality they are more than just a fashion accessory, they are essential eye protection.

Unfortunately, good lenses do not come cheap. Those which are just coloured will not protect against ultra-violet rays and are more damaging to the eyes than wearing no glasses at all (the eye, thinking it is dark, dilates making it even more vulnerable to the sun's rays). Most branded lenses do give some protection but you should always check.

Having made sure that the lenses are good you can then worry about fashionable frames. This year's latest shape is what you might call Swot-of-the-Remove, small round frames giving an air of entirely illusory (in most cases) *scholarly distinction*. Not the most flattering shape, it is the one most in favour with the Voguettes. Sketched here is a version by Giorgio Armani, £115, while Armani's other pair folds into a neat leather pouch, £125. The black Valentino shades are £115 and represent the other fashionable shape – upswept *sides with protection at the sides*. All are available from Harvey Nichols and Harrods.

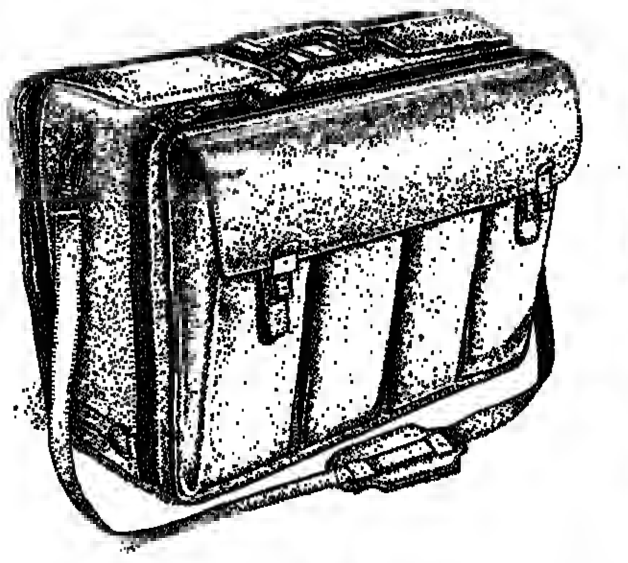
■ THERE ARE some for whom the only holiday hat is a Panama. Proper *Panamas*, like the two sketched here, come from Ecuador, where they hand-plait the fibres of the jipijapa plant to make the *distinctive headgear*. They are then steamed and blocked in the US, from whence they set out on their journeys round the world. If you are wondering why they are called Panamas it is because north American sailors first discovered them on sale there.

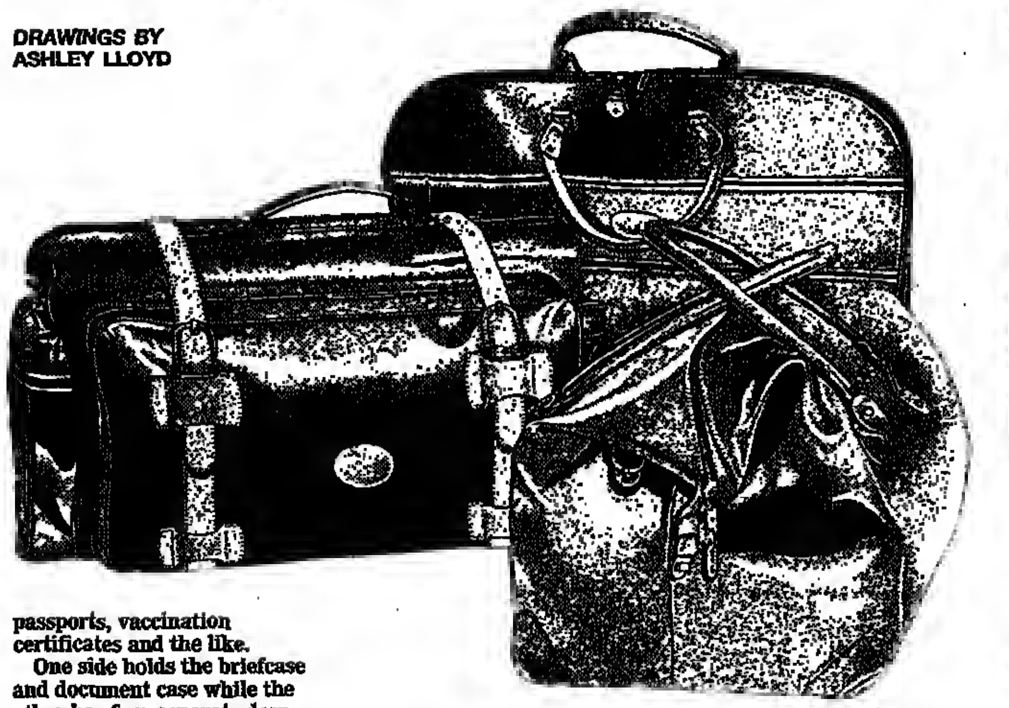
The two sketched here are imported for gardeners by Pulbrook & Gould. Not only are they flattering but they can be folded and packed in a suitcase. In cream or caramel, the one on the left is £25, the one on the right, £27.50. Pulbrook & Gould, Liscartan House, 127 Sloane Street, London S1X 9AS, will post either for £5 post and packing.

A floppier version is made by Herald & Heart Hatters. It comes boxed, ready folded, with its own hatpin and matching silk scarf. In white, ivory, marine blue or red, it is £50 direct from Herald & Heart Hatters, 131 St Philip Street, London SW8 3SS.

■ EVERY swimsuit needs a wrap. Most useful of all are pareos – if you can master the art of tying them – which transform the skimpiest of bikini into something relatively modest. For some years Slix has sold a selection of one-piece bathing suits and bikinis with matching cover-ups which can be bought separately. Shown above is a two-piece bikini with an underwired bra-top and a matching mini-sarong which does not exactly add-up to formal restaurant wear but does lend a vestige of cover-up to the skimpy bottoms. £34.99 for the bikini, £21.99 for the sarong. Both will be in good department stores throughout the UK from early July.

For those who cannot be bothered with irons there is a marvellous scrunched silk fabric which Whistles has made into a series of simple holiday (and glamorous evening) garments. As the scrunched look is part of their charm they can be folded, crushed, twisted and packed without coming to any harm. There are long skirts (£59 at Fenwick), slip dresses (£129) and cropped tops (£59). From Whistles branches, the Whistles department in Fenwick of Bond Street, Harrods and Selfridges.





■ CHOOSING luggage has become a complicated business. Those who belong to the "you are what you buy" school of thought believe that your choice of luggage reveals volumes.

This is a school of thought I am deeply apprehensive about myself, as I feel that *my own luggage says nothing* at all about my inner being but plenty about the state of my purse and the efficacy of my shopping habits.

However, the real problem with suitcases revolves around two conflicts: on the one hand one wants them to be light, inexpensive and easy to carry but, on the other, one would like them to be beautiful, too.

When it comes to appearance no material, in my view, looks as good as leather. It may be heavy, it is indubitably expensive, but the older it gets the better it looks.

Sketched on the right, are four very special pieces, each designed to meet a specific travelling need and each of which, while indubitably expensive, is so finely made that it should last way beyond your own lifetime.

Henry's, an all-British leather company with a flagship store at 143 Fulham Road, London SW3 (tel: 071-581-1321) has produced the Survival Bag, which is small enough to fit under an aircraft seat yet seems to hold an amazing amount.

A combination of suitcase, briefcase and document case, *it also has two flaps on the* front to hold things such as passports, vaccination certificates and the like.

One side holds the briefcase and document case while the other has four separate deep pockets, each of which has a canvas container into which you can put all those myriad things that seem an inevitable part of modern travelling (the personal toiletries, the malaria tablets, the pocket calculators, or the tot of whisky). It costs £751.

Next come three pieces from a new range by Baronessa Franchetti. First comes The Weekender – roomy (22in by 10 in by 13) but nothing like *as heavy as it looks. It has* a large, front pocket, another pocket at each end and a detachable shoulder strap.

Like all Baronessa Franchetti's collection it is made from full hide tanned with natural ingredients. In green and tan or black and tan, it is £375.

Next comes The Overnighter, a simple, classic Boston-style overnight bag with a detachable shoulder strap,. 30 in by 14 in. It, too, comes in green and tan or *black and tan for £250*.

Finally, there is The Suiter. Suits or dresses hang on the inside hanger and there are three outside pockets, one large and two small, for accessories or documents, as well as two further pockets inside. Measuring 18 in by 24 in when closed, it costs £250. All have fine brass detailing with good locks. Franchetti-Bond is at 7 Burlington Arcade, London W1 or 5 Lion and Lamb yard, Farnham, Surrey GU9 7LL. *(Tel: 071-629 0025 for mail* order).

■ FOR THOSE who love gadgets the Go selection is the name to look for. Whether you want something as simple and useful as a portable iron (The Slim Press), some travelling adaptors, a sturdy flight bag or a tough holdall, Go will be bound to have it.

There is a travelling laundry (tube of Kwikwash, Stain Go spot removal sachets, a clothes line with hooks and suction cups, a PVC laundry bag, laundry pegs and a carry case for just £4.50), an array of money belts and bags, as well as inflatable pillows, packaway macs, blow-up hangers and pouches.

Photographed above is the Wonder towel (£4.50) which, measuring just 70 cm by 25 cm, mops up as much moisture as a bath towel. Apart from its uses while travelling it is ideal for the aerobics set. Also pictured is the Aquasafe, a waterproof – if you follow the manufacturer's instructions – belt safe which means you need not leave your valuables on the beach but can take them swimming with you – though not, it seems, scuba-diving. Go producte can be found in most department stores and Big airports, such as Heathrow and *Gatwick, have a large selection* of their wares.

How to be a Bond-style survivor

Lucia van der Post *visits a shop which can supply peace of mind*

THE PARANOID will find encouragement by visiting Spycatcher, a shop in London which specialises in "personal protection and surveillance systems." There are devices to pander to eternal worriers andgoodies to soothe away their fears.

If, for example, you are worried about becoming ill in some country where hygiene is not all it ought to be, take your own kit. Choose from an Aids to Survival Kit (£26), which has sterile needles bandages, gauzes, and sutures, a Toothcare kit (£15), and an all-purpose Survival Kit (£33) which has a combination of medicaments and items including: sutures, salt tablets, potassium permanganate, thread and needles "for mending clothes, making shelters or stitching wounds", razor blades, lip salve and a wire-saw.

If your worries centre more on what is happening back home while you are enjoying yourself there is a panoply of anti-theft devices which could buy you peace of mind. Simple and inexpensive are the series of cans or containers which look exactly like ordinary household products but are in fact small "diversion" safes. Ranging in price from £25 to £30 you could choose from cans of Diet-Coke or Heinz Beanz, tins of furniture wax or tubes of after-shave and shaving cream.

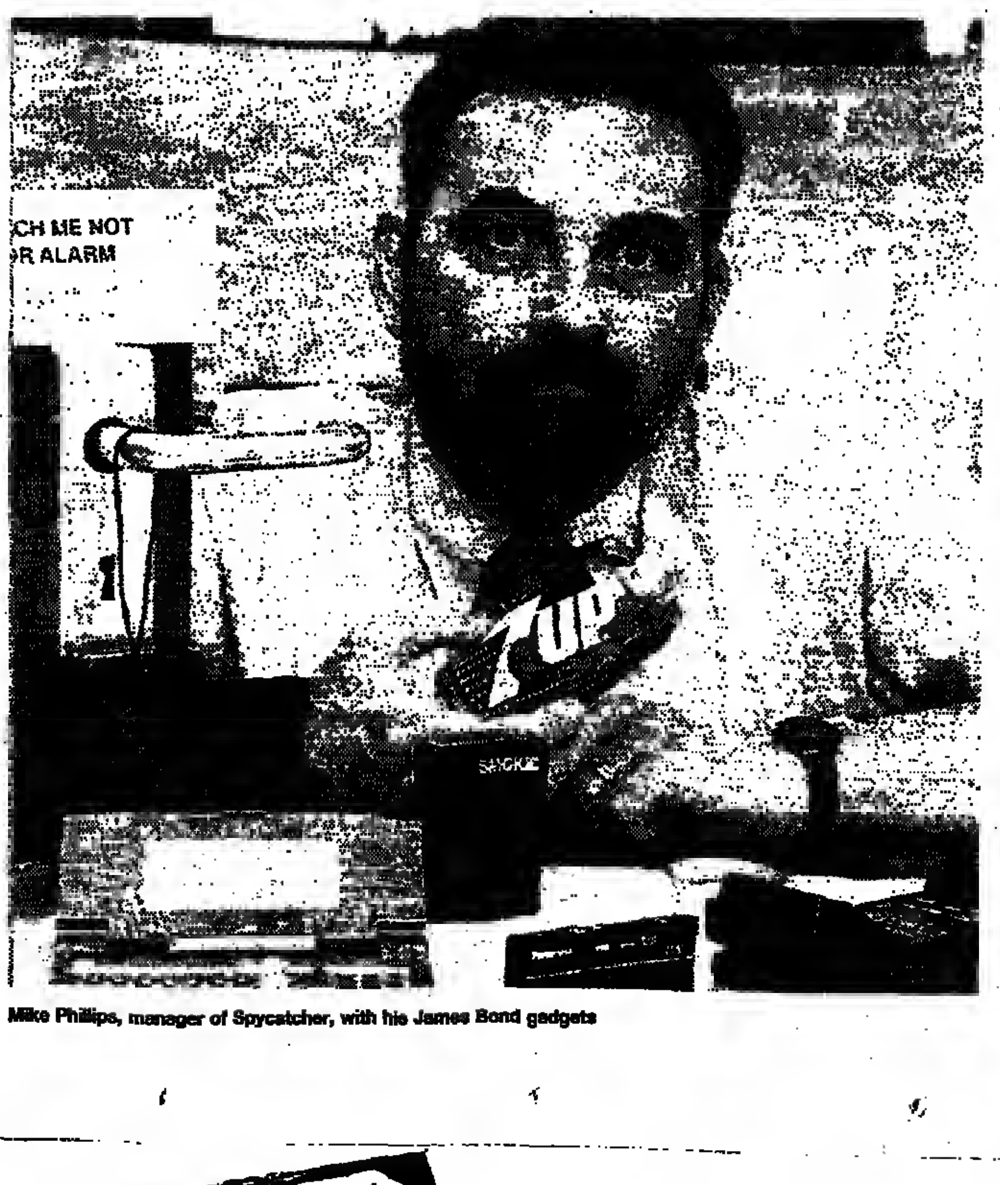
For those fearful for their personal safety while abroad there are lots of small personal alarms, a "touch-me-not" door alarm (£40, bang it on the inside of your door and as soon as it is touched it lets out a piercing noise), battery-operated portable smoke alarms and a wallet-sized smoke-hood which gives you two or three minutes protection from smoke if a fire breaks out.

If you are the sort who cannot bear to be out of touch with the office maybe you should invest in the smallest *fax in the world* – not cheap at £1,000, but to the persistent deal-maker it could be worth it. It measures about 6 in by 4 in by ½ in – you type in your message, plug it into a telephone, press transmit and off it goes. Then there is a series of small tape recorders specially modified for long play, starting at £300. Tiniest of all is the credit-card sized version that will record for six hours, £950.

Spycatcher is also the place for the latest in "toys for the boys" – all sorts of wonderful gadgets for the would-be James *Bond* set *such as spy cameras* which double as lighters, briefcases with cameras and pens that are also tape recorders.

Finally, some readers might like to know that there is now a portable Muslim Prayer Clock, though at £2,500 it is clearly only for those who are rich as well as devout. You programme in the location (London, Delhi, Sydney, wherever), the date and the time and the clock (with the help of a gyro compass) will point the way to Mecca. From then on it calls you to prayer at the appointed hours and at the same time chants the prayers.

■ Spycatcher is at 25a Lowndes Street, London SW1. Tel: 071-245 9445. There is no catalogue but any of the items mentioned can be sent by mail.



Mike Philips, manager of Spycatcher, with his James Bond gadgets

FASHION

Lightweight clothes you can fly away in

***Avril Groom** recommends smart but comfortable travel wear*

THAT RARE creature, the truly organised business traveller, is easy to recognise. A female specimen was spotted recently, LA-bound in first class. Straight after take-off she slipped from her power suit into something more comfortable (silk lounging pyjamas) and went aggressively into relax mode – no drink, no food, no fun, just an eyemask and a "do not disturb" sign. Half an hour before landing she reversed the process ready to zip off the plane, all pistons firing.

Most of us are not like that. We find such fuss embarrassing. The navy cotton jersey pyjamas which British Airways now hands out, together with duvets, on its first class sleeper service are, according to one frequent flyer "gratefully received – for jogging at home", although the airline claims that if one passenger can be persuaded to wear them the others follow suit.

Most business travellers make do with an extra outfit which, they hope, their suit-bag will keep uncrumpled. But ensuring that you arrive looking unruffled is difficult. Flights within Europe are too short to allow time for changing, though you could easily be met by a completely different climate. The aircraft itself may be colder, or stuffier, than the weather at either end. If you travel casually dressed, delays and traffic jams may play havoc with your plans to change at your hotel before your meeting.

Fabric manufacturers and fashion designers are doing their best to rewrite travel's old maxim. For them it is better to travel comfortably than to arrive – especially if your destination is short on air-conditioning. The secret is in modern high-tech fabrics, such as wool spun so lightly it feels like silk, and in new fibre combinations that mix natural for comfort with man-made for uncrushability.

Layer these fibres for maximum flexibility, but stylishly, so that nothing looks like a haphazardly thrown-on afterthought.

Companies which court the business market have turned their attention to the needs of the international traveller. Alfred Dunhill always uses natural fibres, primarily fine wool, silk and cotton but, says design director Alan Duddle, "they have an inherent tendency to crease. We now use very high-twist yarns which crease considerably less, and we are constantly researching ways to produce clothes which are as practical and versatile as they are comfortable".

Dunhill, together with Aquascutum, does a lightweight, unlined cotton showerproof raincoat for travelling. Burberry's version packs into a small pouch. Its crease-resistant, lightweight gabardine interpretation of the traditional blazer, unlined or half-lined, is another good travelling companion. Like Herbert Johnson, they make a collapsible panama hat – you fold it flat along its central ridge and roll up to fit in suitcase or pocket.

For adventurous types who may feel that a blazer and flannels is good enough to do business in, Gucci have wool trousers that look like conventional marled flannel but feel like gossamer. This company is a past master at matching fabrics to climate – suits for export to Singapore are specially made in a humid environment.

Those who feel happier in a suit can find the most serious of pinstripes in lightweight super-100s wool, as at Ralph Lauren. And Hackett, which likes to give tradition a twist, has persuaded British mill Reid and Taylor to revive 1930s three-ply construction with super-120s wool for a plain navy, mid-grey or khaki single-breasted travelling suit which sells for £495.

Lighter suits can mean an extra layer for aircraft or evening. A fine slip-on or sweater rarely looks out of place. Richard Paine, of high-quality knitwear firm Alan Paine, says cotton-silk or cotton-linen mixes are good for summer travelling, but that light lambswool or very fine cashmere look more stylish and should not suffer even if crumpled into your hand-baggage.

For women, the advent of softer style has made travelling easier. Giorgio Armani pioneered a viscose/acetate mix, which scarcely creases, for his famously floppy suits and this fabric, often with a fine rib or herringbone texture, is now mainstream fashion from labels as diverse as Laura B, Rodier, DKNY and Marks and Spencer.

Light wool crepe is another high-fashion, uncreasy fabric and man-made fibres also deserve attention. Microfibre from Tactel makes soft, light, showerproofs while polyester is no longer a dirty word as its best-quality versions feel and act like silk – which, incidentally, can emerge quite wearably from a suitcase if it is rolled rather than folded.

Always take an extra knit layer, cashmere or a cool, light mix such as Rodier's wool/acrylic Kasha, or a big soft shawl – Louis Vuitton does cashmere/silk travel throws as well as the famous hard suitcases which treat the most delicate garment kindly.

If you are going straight to an evening event, travel in something formal but understated, and keep your jewellery handy. But if in doubt, remember it is the smartest-looking passenger who gets the upgrade.

■ Left: Her – wool jacket, £135, silk sarong, £95, both by Paul Costelloe, silk scarf, £15.95, all in the sale at Fenwick. Lambswool sweater by Pringle, £70 from Selfridges. Suede bag, £225 from Gucci. Earrings, £10 from Agatha.
Him – light wool suit by Strellson, £329, silk tie, £19.95, both from Fenwick. Cotton shirt, £52.50 from Burberry. Belt, £110, leather bag, £565 both from Louis Vuitton. Leather bag, £395 from Alfred Dunhill.
■ Right: rayon knit twinset, £500, viscose/acetate skirt, £375, all from Gucci. Earrings, £30, bracelet, £54, both from Agatha. Leather bag, £350 from Louis Vuitton.

■ Above left: Him – light wool suit, £870, cotton shirt, £65, both from Ralph Lauren, New Bond Street, London W1. Silk tie, £19.95 from Fenwick, New Bond Street, W1. Cotton/polyamide raincoat, £275 from Aquascutum, Regent Street, W1. Briefcase, £350 from Burberry, Haymarket, SW1, Regent Street, W1 Edinburgh and Glasgow. Coated canvas bag from Louis Vuitton, New Bond Street, W1 and Sloane Street, SW1. Brown bag, £92, fabric and leather suitcase, £75, both from Fenwick, New Bond Street, W1.
Her – wool jacket, £189, trousers, £99, from Phase 8 branches. Silk vest, £10.99 from Tie Rack. Necklace, £42, earrings, £14, both from Agatha, South Molton Street, W1. Leather bag, £550 from Louis Vuitton. Proofed cotton raincoat, £450 from Aquascutum.
■ Left: Her – polyester shirt, £69, trousers, £62, in the sale at Aquascutum. Silk cardigan, £139, cashmere/silk sweater, £155, both by TSE from Harvey Nichols and Harrods, Knightsbridge, W1. Bracelet, £11.95, earrings, £12.95, both Fenwick. Bag by Soco, £150, Harrods.
Him – wool gaberdine blazer, £235, cotton shirt, £49.50, silk tie, £32.50, all from Burberry. Wool trousers, £175, Gucci. Belt, £110 from Louis Vuitton. Bag, £195, Henrys, Fulham Road, SW3.
■ Above: Her – Kasha cardigan, £95 from Rodier, Knightsbridge, SW1. Wool skirt (part of suit), £365 from MaxMara, Sloane Street, SW1. Viscose top by Ghost, £90 from Whistles branches, Liberty, Regent Street, W1 and Warehouse of Glasgow. Loafers, £120 from Gucci, Old Bond Street W1 and Sloane Street, SW1. Earrings, £14, Agatha. Necklace, £20.95, Fenwick. Packaway cotton raincoat, £350, bag, £195 from Burberry.
■ Him – cotton raincoat, £345, silk/wool jacket, £495, cotton trousers from a selection, cotton shirt, £59, silk tie, £49, from Alfred Dunhill, St. James's, SW1. Lambswool sweater by Alan Paine, £69 from Fortnum and Mason, Cordings and Fenwick. Shoes, £135, Russell and Bromley.

Hair and make-up by Jo Gillingwater. Pictures by Tony Boase at Gatwick Airport, courtesy Delta Air Lines.

FOOD AND DRINK

Cookery / **Philippa Davenport**

The long and the short of buying perfect pasta

Pass the pasta. From left: tasters Henry and Josceline Dimbleby, Anna Del Conte, Simon Parkes and Philippa Davenport

THE FLOURY fad of making pasta at home seems to be on the wane. Many pasta-making machines have joined the once-fashionable ranks of slow cookers, yoghurt-makers and sandwich toasters, has-beens now rattling like skeletons in the back of kitchen cupboards. Even deli-traiteurs who once boasted massive trayloads of pasta "freshly made on the premises daily" are cutting back.

Yet pasta is bigger business in Britain now than ever. Most of us eat pasta once a week; many eat it twice or more. So where does it come from? The answer in the main is from the High Street multiples.

Half-yard lengths of dried spaghetti wrapped in dark blue paper can still be bought, but the major part of our pasta binge is catered for by supermarket own-label fresh pasta. But how good is it? How does it compare with a competent cook's home made? And how does it rate against quality brands of dried pasta from Italy, such as La Molisana, de Cecco and Agnesi?

I asked each of the High Street multiples to provide samples of their own label offerings for two blind tastings, one of fresh and one of dried. Each company agreed to supply its plain egg tagliatelle in the two versions. In the event, Asda and Sainsbury failed to deliver. Tesco's fresh was ruled out of court because it was spinach, not plain. Similarly, the dried tagliatelle from Waitrose and Tesco were deemed *hors de combat* because they were flavoured with garlic and herbs. The field, much reduced, none the less provided an interesting study.

I subjected the pastas to a fine selection of palates: Anna Del Conte, Britain's most respected writer on Italian foods; Josceline Dimbleby, winner of this year's Glenfiddich cookery writer award; Simon Parkes, former Michelin inspector and now a radio journalist; Oliver Waley, Anna Del Conte's husband, a critical and experienced pasta eater; and Henry Dimbleby, Jossy's son, fresh from a stint in Bruno Loubet's kitchens at The Inn on the Park in London.

Each pasta was prepared the same way – cooked in fast-boiling salted water, drained, but not too thoroughly, and anointed with a smidgeon of unsalted butter (better than olive oil for taste-testing as oil has too much character of its own).

We started with the fresh pastas. Even in their raw state the three looked quite different. Marks & Spencer was much the yellowest and the skeins looked almost waxy. Safeways was also yellow, but less intensely so, and the ribbons were thicker. Waitrose was pale buff, grainy looking, narrower and dryish.

Depth of colour, Anna suggested, indicates quality. She went on to explain that home-made (ie fresh) tagliatelle is the pasta of northern Italy, traditionally made with nothing but eggs and soft wheat 00 flour. Dried pasta, on the other hand, is the product of the south, traditionally made from hard durum wheat semolina and water. That is why good fresh pasta is yellow, eggy and delicate tasting, while good dried pasta smells and tastes of wheat and has a firmer, floury bite.

Each of the three fresh pastas tasted very different. Anna and Henry were especially enthusiastic about the Marks & Spencer. "Very similar to tagliatelle as I would make it at home," approved Anna. Indeed, it is made with the classic ingredients: whole eggs imported from Italy (it is the Italian eggs that give the dough its rich colour) and Italian 00 flour – plus a little British flour to facilitate machine rolling. "Good waxy bite," "lovely feel in the mouth" and "appropriately eggy with no taste of flour" were other appreciative comments though Jossy found it "rather rubbery".

Safeways fresh pasta was unanimously disliked. Anna suspected the colour was due to carotene. Simon called it "hard, heavy, laboured". "Bad pasta," said Oliver. "Stodgy," "not good in any way" were other bricks hurled at it.

The Waitrose fresh pasta earned more praise although it was not typical of egg tagliatelle, which one expects to be eggy not floury. It had the good wheaty smell, the positive and very pleasant durum wheat taste characteristic of dried pasta, and the correspondingly fine, more floury bite that made it Jossy's favourite of the three fresh pastas we tasted. Anna identified correctly that it was made with durum wheat semolina, egg and water.

Moving on to the dried pastas, what with no-shows from Asda and Sainsbury, and Tesco and Waitrose submitting non-comparable samples, we were left with just two dried pastas from the High Street multiples. So we tasted them against the latest Italian dried pasta to arrive in the UK, a brand called Spinosi.

Marks & Spencer's dried tagliatelle was remarkable because it was cut so short, looking more like something from a can of Heinz than an adult pasta, and almost impossible to eat since you cannot wind it around a fork. Anna described it as Tuscan, for the Tuscans are so addicted to soup that they always eat their first course with a spoon. "Flat in looks and taste," remarked Simon. "Decidedly odd tasting," "terribly sticky and heavy," "truly dislikeable," said the others.

Safeway's ribbons of dried tagliatelle were long, white and tightly coiled when raw, and "edible but not impressive" when cooked.

So unenticing were both these offerings that, after some discussion, we decided to refresh them – to rinse them in hot water after cooking to wash away some of the starch. This is commonly done in restaurants to help hold the cooking point and to cope with delays between cooking and serving. Henry had learnt it in Loubet's kitchen.

Anna disapproved but the proof was in the eating. Pasta of dubious quality is undoubtedly helped by slightly undercooking it and then refreshing it. Thus treated, the sample dried pastas from Marks and Spencer and Safeways perked up. Suddenly they looked alive and the taste seemed improved. Even so, the final verdict on the M & S offering was a definite thumbs down and the reaction to Safeways was far from ecstatic.

The Spinosi experience was totally different, eliciting accolades all round. These tagliatelle are made with durum wheat and egg in a small Italian factory using labour intensive methods. The beautifully thin strands are hand cut, and its taste and its feel in the mouth are "unmistakeably superior," as Anna put it. "Fantastic to eat, bouncy and as light as a feather," enthused Simon. "Delicious, full of character and amazingly elastic," said Jossy. "And it holds its cooking point perfectly," said Oliver.

In summary, the Waitrose fresh tagliatelle at 89p per 250 gram pack was the cheapest of the pastas we approved of. Marks & Spencer's fresh tagliatelle cost rather more at £1.19 for the same weight, and Spinosi at £3.95 cost the earth – but because of its outstanding quality the Spinosi will stretch further.

Spinosi is the pasta that is taking over from Cipriani, about which I have enthused before and which Danmar has now ceased to import. Spinosi is even better to eat than Cipriani and Danmar says it is about 20 per cent cheaper. A premium product at a premium price.

Waitrose fresh at 89p, with its agreeable wheaty taste, and Marks & Spencer fresh at £1.19, with its eggy delicacy, are affordable for everyday meals. Both are well worth freezing.

■ Next week: pasta sauces.

Wine / **Edmund Penning-Rowsell**

Chianti rings the changes

WHEN IN 1984 the whole Chianti region was awarded the top *Garantita* appellation, the wine's reputation and sales suffered. For how can millions of bottles produced by thousands of growers be "guaranteed?".

However, two negative factors were reduced at the same time. The high stipulated percentages in the blend of dull, high-yielding Trebbiano grapes and over-productive Canaiolo were cut and and now are often ignored. One grower in the Classico zone said: "I have Trebbiano in the vineyard but not in the wine." Also the maximum permitted yield per ha was reduced from 70 to 52.5 hl.

Moreover, in the leading Classico district the need for improved quality has been recognised and, with the support of the Black Rooster Consorzio's 600 members, Sangiovese Classico 2000 was set up in 1988.

Experimental vineyards were organised throughout the area. New Sangiovese clones and new cultivation methods are being tested at a time when the massive and often ill-advised planting in the 1960s and early 1970s must soon be replaced.

New legislation is planned to alter the future of high-quality *vino da tavola*. These were started with Antinori's Tignanello 1971, as a protest against the high percentage of Trebbiano and other minor grape varieties in the official blend and the refusal to admit the Cabernets and Merlot.

The Classico appellation will be allowed blends containing 100 per cent Sangiovese, already a feature of *vini da tavola*, including Isole e Elena's esteemed Ceparello and Fontodi's Flaccianello. Further, this would be permitted for single-vineyard wines such as Tignanello, which would be entirely acceptable to Antinori. In five years' time, one leading grower told me, *vini da tavola* will be confined to the basic wines they were intended to represent.

Then, minimum planting density per hectare will be increased from 2,500 to 3,500 vines, although this is thought to be insufficient by the best growers, who plant between 4,000 and 5,000, though no further reduction in maximum yields is yet provided for, informed opinion believes they should be reduced to 40-45 hl per ha. But in Italian wine politics nothing is certain until the decree is signed.

Moreover, the Classico proprietors are expecting a separate Chianti Classico DOCG, as reasonably they claim a higher status than the great mass of Chianti made from Pisa to Siena. A new DOCG would also apply to the small district of Rufina, to the east of Florence, which includes such respected estates as Frescobaldi, Selvapiana and Grati. Finally, a *Vino da Toscano* is projected. The effect of all these changes would be to create a pyramid with single-vineyard wines at the top. This would certainly make selection easier for consumers.

The developments will not only apply to Chianti. Sassicaia on the Tuscan coast at Bolgheri, where white and rosé wines are already DOC, is likely to become Sassicaia Bolgheri DOC, and, in view of its long-established reputation, DOCG; to be followed by the new Ornellaia.

Altogether, this will cause a revaluation of the role of superior Chiantis. In the old, fiasco-bottled days, Chianti was regarded as little more than a quaffing wine, with little concern for vintage or maturing possibilities. But today the Riservas have to be kept in cask for three calendar years, and even the normal Classico must have a year in wood before being marketed. Good vintages like '85 and '88 deserve at least seven or eight years in age, and the exceptional ones like '82, '83 and '90 often much longer.

As few of us are familiar with the varying quality of the vintages, notes on the last 12 Classicos may be helpful: '81 – good bouquet, medium body, developed early but ageing well; '82 – after an exceptionally dry summer an outstanding vintage, harmonious and at peak; '83 – again very hot summer, fine nose, good body, lower than normal acidity; '84 – very wet September, and poor, light wine; '85 – big structure, full-bodied, highly regarded year, and still very good; '86 – early vintage, big aroma, well-balanced, softer than '85 or '88, but concentrated; '87 – high yields after rain at vintage, moderate quality, to be drunk; '88 – big wine, still closed, tannic but should develop well; '89 – generally a poor year, light and for early drinking, few Riservas; '90 – outstanding – "the best for 50 years", said one grower in adjoining Rufina. True also in Classico. Still closed. A wine to keep; '91 – light wines for early drinking, not much quality; '92 heavy rain from the end of September spoiled the crop, but those who picked early made attractive wines.

Bring on the Bratwurst: a sausage stall in Vienna's Naschmarkt

Common Markets

Survivors of Teutonic hygiene

GERMAN and Austrian markets are frequently disappointing places. An obsessive regard for hygiene in both countries tends to rob the stalls of the aesthetic and olfactory appeal of their counterparts in southern Europe. There is just a bit too much plastic wrapping to stir the gastric juices.

In many cases, were it not for the much abused Turks, these institutions would have disappeared long ago; for like the British and the American, the Teuton prefers the bovine calm of the supermarket to the aggressive bustle of the streets.

Still there are impressive market places in many German and Austrian towns and cities; superb sites such as the *Viktualenmarkt* in Munich. These days, however, people are more likely to descend on the *Viktualenmarkt* to scoff a brace of those veal and parsley sausages the Müncheners call *Weisswürste* than they are to stock up on food. In all German and Austrian cities the market place is a useful place for a snack of some *Leberkäs* or meatloaf, or a plate of sausage.

The *Viktualenmarkt's* Viennese equivalent is the *Naschmarkt*, five minutes walk from the *Staatsoper* and just behind that art nouveau jewel, the *Sezession*. Indeed, for some the *Naschmarkt* is gentler on the eye than it is on the stomach: the buildings were constructed around 1900 when the Wien river was covered over and to the left and right are the *Wienzeilen*, terraces which contain splendid examples from this rich period in the history of Viennese architecture.

The first stalls in the market should be ignored, unless you are looking for a shot of *Bratwurst* and a roll from one of the many *Würstelstände*, a snack at the fish shops belonging to the German Nordsee chain or a look at a few cheese stalls and delicatessens. The stringency of the Austrian law on cheese production and storage makes it almost wholly without interest. In the delicatessens everything is swaddled in unsexy plastic.

Further up on the left is a stall which enchanted me on my first visit to Vienna, almost a quarter of a century ago. It is a rare survival among the Turkish and Serbian fruit and vegetable shops in that the accent is wholly Germanic with its great tubs of Sauerkraut and brine-soaked gherkins.

The acrid smell which emanates from these strategically placed barrels is to some degree off-set by the nearby spice merchants with their little packets of paprika. These are sold at varying strengths to ensure the correct mix for goulash. Much like Britain, Austria's gastronomic traditions were considerably enriched by borrowing from its subject peoples during the empire. It may be Hungarian in origin, but these days, no Austrian could survive for long without goulash

Weekends can be a bore in Vienna. An offensive, frustrating law requires all Austrian shops to close at midday on Saturday. It means you are required to stock up for the whole weekend in the first hours of Saturday morning. The law is relaxed on just one Saturday a month when shops have the right to stay open all day. On Sundays, however, only restaurants are open, and a gloom descends on the city which makes even London look gay.

Saturday morning is, however, the best time to visit the *Naschmarkt*. By ancient tradition Austrian farmers have the right to set up their stalls at the far end of the market, just before the flea market where, if you are on the ball, you occasionally come across interesting old books and records.

The advantage of the *Bauernmarkt* or farmers market, is that fresh products are sold without the prudish plastic coating which is the rule at the Opera end. This is the moment to buy honey; Speck, or fat bacon, cut from the flitch; sausages, including excellent *Blunz'n*, or black pudding from Burgenland; ham; pumpkin seeds, which make an extremely good nibble with preprandial drinks, or better still *Kürbiskernöl* or pumpkin seed oil from Styria. Virtually unknown in Britain, this dark oil is *the* soul of a Styrian salad. At vintage time you may also buy *Most* or grape juice, or *Sturm*, which is fermenting must, a drink which is meant to go well with onion tart.

Only on Saturday mornings does the *Naschmarkt* live up to the promise of its lovely setting.

Giles MacDonogh

Appetisers/**Nicholas Lander**

Eastern inspiration

WHEN PHILIP Harris, proprietor of the Bahn Thai restaurant in Frith Street, London W1 (tel: 071-437-8504), sought to mark its reopening after a major refit he looked for inspiration from the far east and the south west.

From the east came a 900-year-old statuette of Buddha, incense, candles, orchid and a Thai goblet filled with holy water with which to annoint the restaurant's staff. From the south west – the Thai temple, Wimbledon – came nine Buddhist priests who prayed for the restaurant's well being and blessed the staff. Then to lunch: two different Thai curries, spiced crispy fried mackerel, a salad of minced pork and pigskin with whole red chillis, mint and peanuts, raw vegetables and glutinous rice washed down with fresh orange juice and tea.

The restaurant is now restricted to the upper floor. On the ground floor Bahn Thai now serves what can only be described as Thai tapas for those wanting a quick snack. Dishes include: Thai-style fried dry salt beef (£6.45), stuffed chicken wings with a plum sauce (£4.65) and spicy Thai pork sausages (£4.80).

There will be a festival of Thai Food and Culture in the grounds of the Thai Temple, 14 Calonne Road, off Wimbledon Parkside, London SW19, on Sunday July 18, 10.30am-7pm.

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Leith's will be running a five-month Credential Course, starting next January, designed for those looking for a change of career, for women returning to work after having children and for those who who may be seeking a professional catering career but who do not need to start with basics. Cost: £5,125 per person. (Details: 071-229-0177).

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For those touring England this summer there are some good value breaks on offer from hotels with distinctive restaurants. At Buckland-Tout-Saints Hotel, Kingsbridge, on the south coast of Devon (0548-853055), a two-night break including dinner, bed and breakfast is £75 *per person*. Further north in Skipton, Yorkshire, near Bolton Abbey, the same deal is available for £67.50 per person at the Devonshire Country House Hotel (0756-710441).

In the New Forest, Hampshire, one of the original country house hotels, Chawton Glen, is offering a "green shoots package" – £99 per person for dinner, bed and breakfast. *Sunday-Thursday nights* only (0425-275341).

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A survey of childrens' cooking skills in this country revealed depressing results – one in two interviewed could not even boil an egg. And, with domestic science disappearing from the curriculum in *many schools*, this trend is likely to get worse. Last week the House of Commons saw the launch of "Get Cooking!" a project aimed at reversing the trend. An information pack giving advice and recipes aimed at teaching children the foundations of wholesome cooking is available, price £12.50 plus 1.50 p&p, from Get Cooking!, National Food Alliance, 5-11 Worship Street, London EC2A 2BH.

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In Giles MacDonogh's article last week on Belgo, 72 Chalk Farm Road, London N1, the restaurant number was given incorrectly. It should be 071-267-0718.

Motoring/Stuart Marshall

A bigger embrace for diesels

MORE diesel cars are hought in France than anywhere else. They account for nearly 50 per cent of new registrations. More diesel is now sold at filling stations than petrol.

Britain's diesel car market is the world's fastest-growing although still well short of France. Even so, one car in five sold in Britain this year is likely to be a diesel.

As recently as the mid-1980s, though, they were comparative rarities. Most British motorists still thought of them as noisy and gutless oddities run by economy freaks.

No company has done more to change the British view of diesel cars than PSA (Peugeot-Citroën). Its Peugeot 205 and 405 and Citroën BX and ZX have for years been consistent best-sellers in the UK. Now, the new Peugeot 306 (made, like the 405, at Ryton, Coventry) and, in a few weeks, the new Citroën Xantia, will boost diesel sales higher still.

The Peugeot 306 rides and handles exceptionally well (like the Citroën ZX, with which it shares mechanical bits and pieces). Since its UK launch in the spring, it has been sold only with petrol engines but, last week, I tried its left-hand drive, 1.9-litre 306 diesels in France. The non-turbo, 70 bp version impressed me hut I was enchanted by the whispering, 92 hp, turbo-charged and inter-cooled model.

It drove with a vigour that would have done credit to a petrol-engined car and was so refined that I simply forgot (as one does with BMW's six-cylinder turbo-diesels, newly-arrived in Britain) that it was a diesel at all. It pulled so strongly from 2,000 rpm upwards that it felt as much a "one-gear" car as a massive American V8. (Yes, there are still a few with manual boxes).

Prices of 306 turbo-diesels start at £11,475 and non-turbo models, with less luxurious trim, from £9,345.

Coming to Britain in the autumn is a 1.8-litre, petrol-engined automatic. It has the same smooth-changing, ZF transmission as the 405 and is likely to cost about £750 more than the equivalent manual-gearbox 306. Other 306s in the pipeline include a sporty two-litre, three-door due late in the autumn and, eventually, cabriolets.

Sadly, Peugeot has no plans to market a 306 diesel with automatic transmission altbough Citroën offers a two-pedal ZX diesel without a turbo-charger at £11,595. An automatic turbo-diesel Peugeot 306 – or, for that matter, Citroën ZX – could he a delightful and easy-to-drive car, very lively yet still capable of 40 mpg-plus (7.06 l/100 km) economy. But the combined extra cost of turbo-charging and automatic transmission – roughly £1,300 – might price it out of the market.

The Peugeot 306: a diesel that drives with vigour

Automatic transmission has not caught on as widely on mainland Europe as it has in the UK. About 10 per cent of all new cars in Britain and 20 per cent in Switzerland are automatics, but only 2 per cent in France and Italy.

It is all to do with the Latin temperament and machismo. Latins love shifting gear. Indeed, Italians are said to feel that two-pedal cars are only for the handicapped or people who hate driving. "They just don't realise our automatics are so enjoyable," mourned a man from Peugeot.

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FILLING a car gives many people the same feeling as paying for a supermarket trolley full of groceries. How on earth could it possibly cost so much? So, it might come as a surprise to learn that British pump prices for petrol are among Europe's lowest.

According to the Automobile Association, UK motorists in mid-June paid an average 50.61p a litre for unleadad. Leaded super was 54.37p and diesel 50.14p (although all prices were about 3.5p a litre lower at supermarkets).

Compare Britain's 50.61p for unleaded with 74.29p in Norway, 71.74p (Sweden), 70.43 (Italy) and 67.53p (Holland). It should make you feel better.

Britain's average 50.14p diesel is fairly expensive, though. Diesel is cheaper everywhere except Denmark and Sweden, Italy (once renowned for cheap diesel but where it now costs 56.43p) and Switzerland (where it has always cost more than petrol and is now 57.41p).

French diesel at 44.07p a litre (say, £2 a gallon) compares with unleaded petrol (61.6p a litre or £2.80 a gallon) and leaded premium (65.68p or almost £3 a gallon). You can see why the French prefer diesels to petrol cars and avoid cars that are heavy drinkers.

Western Europe's cheapest petrol is in Luxemhourg: 43.76p a litre unleaded and 51.09p leaded. Diesel is also a good huy in Luxembourg at 37.43p, hut is cheaper in Norway at 31.65p, much less than half the price of unleaded petrol.

Greece favours diesel car drivers (29.12p a litre against 58.54p for unleaded petrol, 61.89p for leaded) hut the best European country in which to tank-up with any fuel has to be Turkey. Diesel at 24.79p a litre is half the British price, while Turkish leaded premium (34.92p) is even cheaper than unleaded (39.22p).

If you are thinking of driving a newish car with a catalyser to eastern Europe, the AA warns that unleaded pumps are few and far between in Bulgaria, the Czech and Slovakian republics, Hungary, Poland and Romania. It would be wise to carry a spare can or two of unleaded in the boot.

Make sure, though, that the containers are empty until you are over the Channel. Only the contents of a car's tank are allowed by the ferry operators.

Tennis/John Barrett

Novotna's biggest day on court

THIS afternoon's 100th Ladies Singles final at Wimbledon could mark the beginning of a new era in women's tennis. If the 24-year-old Czech, Jana Novotna, seeded No 8, plays as well today as she did on Thursday to beat the nine-times champion Martina Navratilova 6-4 6-4, then she will beat the reigning champion, Steffi Graf. But will she be allowed to?

In many ways this match is as fascinating as the one forecast by the seeding committee, Graf (1) v Navratilova (2), for Novotna is the logical successor to Navratilova as the arch apostle of the serve and volley game. Like Martina, Jana was born in Czechoslovakia and for the past three and a half years has been coached by Martina's successor as that nation's No 1 player, Hana Mandlikova.

Ever since I first saw Novotna in 1986 when she won the US Open junior doubles I knew that she had the potential for greatness. Already the fluent, well-timed ground strokes (albeit with too large a swing in those days) were well grooved, the keenness to advance to the net was apparent, the ability to move from low volleys to deep overheads with the fast, natural court coverage of a horn athlete all marked her as one to watch.

Still lacking was the self belief of a true champion. Young Jana was a shy, sensitive person, almost apologetic for the glorious winners she hit. Would this free-hitting teenager who bounced around the court with the playful grace of a lion cub grow in to a fierce lioness capable of making a kill when her life depended upon it?

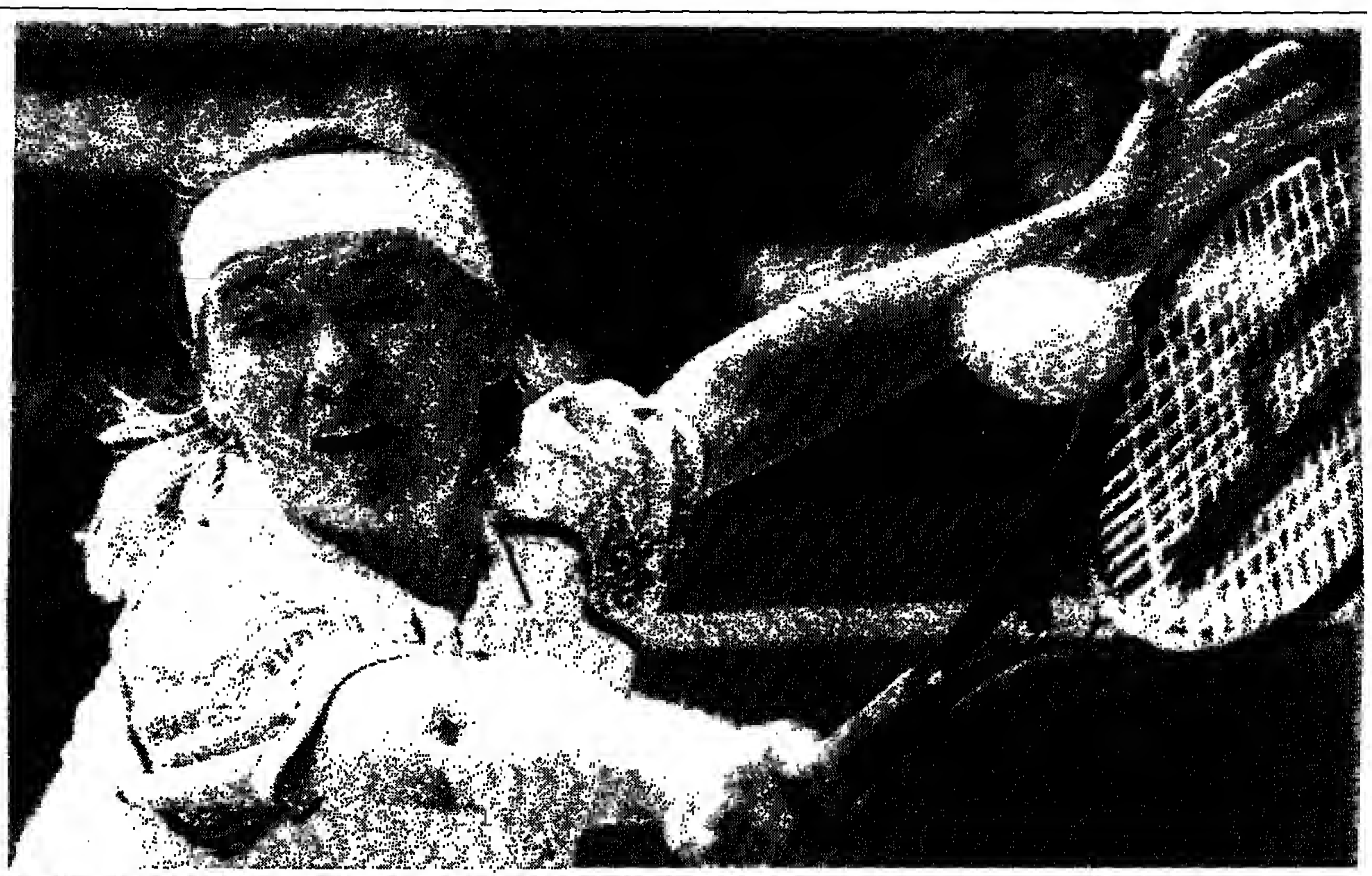
Jana's steady but unsensational rise through the rankings, from 172 in 1986 to 49 in 1987, 11 in 1989 and 7 two years later, suggested that she might. Yet still on the great occasions Jana's belief died.

There were two failures in 1991 that left a question mark over her head. At the Australian Open she scored a magnificent 5-7 6-4 8-6 quarter-final victory over Graf but then collapsed in the final against Monica Seles after taking the opening set. Five months later, at the French Open, Jana was thrashing Gabriela Sabatini with some glorious all-court tennis that seemed, at last, to proclaim her arrival among the game's elite. However, after letting two match points slip in the second set and then losing the tie-break, she again collapsed and lost the last set 6-0.

Suddenly, here at Wimbledon, it has all come together. Three straight sets wins over inferior clay-court opposition were the prelude to a fine win in three sets against another with huge potential – Miriam Oremans of the Netherlands. There followed a confidence-boosting 6-4 6-3 victory over the 1991 finalist, Sabatini, which seemed to exorcise the demon of self-doubt.

Certainly belief was still strong in the semi-final against Navratilova. The serve, slightly remodelled with less knee bend and a faster throwing action, was deadly. Six aces brought her tally for the tournament to 28 and many more deep penetrating deliveries paved the way for firm winning volleys.

But it was the tactical acumen Jana showed that most impressed. Jana, encouraged by urgent nods of approval from Mandlikova in the players' box, stuck to her plan. Her hlocked returns of serve, taken on the rise and projected down the lines past the advancing server, made every Navratilova aervice game a gamble. Three times in all, twice in the first set once in the second, Novotna broke the former champion who was made to look a yard slower than usual.



Stretching for the biggest prize: Jana Novotna, a talent whose time may arrive this afternoon in the women's final at Wimbledon

Before the match Mandlikova had told me "Jana is now mature enough to win. She may have lost to Martina seven times, but she is not afraid to win today."

It was an interesting assessment and one that was confirmed by Jana herself afterwards. "I came into the match with a little disadvantage. Martina has won the tournament nine times. She feels she owns the Centre Court. I was the one who didn't play one match there ... I had to overcome so many things. So I just said, don't worry about it. The court is the same like anywhere else so just play the ball. That's exactly what I did. I just think I've done it so well and played just the perfect match."

Jana was not boasting, simply being honest. And she was right. She did play the perfect match. Hear Navratilova: "That was the best she ever played. If she plays like that she can definitely win the final. There's no question about that."

No question? Well, Graf will have something to say about that as she seeks to add to her four titles from five finals in the last six years. Now fully restored in spirit after the family traumas of 1990, the defending champion is playing as well as ever under the watchful eye of Swiss coach Heinz Gunthardt, in spite of a still suspect right ankle. Once she had wiped out a 1-4 deficit against the surprise semi-finalist Conchita Martinez, Graf's powerful serve and forehand, allied to her heavily sliced backhand and some enterprising volleys carried her to a comfortable 7-6 6-3 victory.

Graf will be playing in her 20th Grand Slam final today, Novotna in her second. The champion will be aiming for a 13th success, her challenger for a first. In spite of her greater experience, Graf is fully aware of the danger. "She's got the talent, she's got the game and we had a lot of close, close matches also last year. I will have to have a very solid serve and I have to work on my return which hasn't been particularly good today."

This is the 20th meeting between the two best athletes in the game. Graf has lost only three of those matches. She won their only meeting on grass – here at Wimbledon in 1987. But six of their last seven meetings have gone the distance.

All the ingredients are there for a classic battle. The world's second best baseliner against the best serve-volleyer in women's tennis; experienced champion against talented tyro; German against Czech (continuing the Navratilova theme). Above all, though, it will be a battle of the mind. Graf is prone to moments of mental anguish when her forehand goes haywire; Novotna must prove that the solid belief she displayed against Navratilova will not melt away when the game's greatest prize is at stake. It should be a fascinating afternoon.

Soccer/Stephen Court

Hand of God for troubled players

SUMMER can be cruel for foothallers. Whila league champions and cup victors are still basking in the glory of their procession to the town hall in open-topped buses, it is the time when relegated clubs resign themselves to life in a lower league.

It is also when players' contracts run out. Many teenagers on trial are told by their clubs that they have not made the professional grade. And old-timers are eased out with a free transfer – plus, if they are fortunate, the proceeds of a decent testimonial match.

So who is there to help players when the final whistle blows? Increasingly, football club chaplains are providing a shoulder to lean on. There are around 40 chaplains in the Premier League and the Barclay Football League.

There is even an organisation to promote the spread of sports chaplaincies, called Sports Chaplaincy Offering Resources and Encouragement or Score for short. It is run by John Boyers, formerly chaplain to Watford FC, and chaplain to current league champions Manchester United, since last November.

Although Boyers is a Baptist minister Score is inter denominational. It has high-profile backing, with England team manager, Graham Taylor, and the BBC soccer commentator, John Motson, on the board of reference. Ken Merrett, secretary of Manchester United, is also on the board. Merrett also invited Boyers to come north to be his team's chaplain.

Boyers, whose position is honorary, spends Monday at United's training ground. He likes to have lunch with the players, although he is at pains to point out that his "parish" is the whole staff – not just the team members. "My main joh is to be a counsellor, and be a listening ear. The chaplain is there to help people - the manager is there to bring success."

About 50 league notches below mighty United is second division Fulham. For the past three seasons, Gary Piper, the vicar of St Matthew's, Fulham, has been the chaplain to the club.

Piper, a former teacher, is a life-long fan of Fulham. Ha helped run the junior supporters' cluh befora offering his services as chaplain – the then manager, Alan Dicks, accepted.

Fulham's assistant manager, Ray Lewington, admits the cluh does little for players whose stay at Craven Cottage ends. For that, Fulham relies mainly on retraining schemes provided hy the Professional Footballers' Aasociation, although Fulham will ring round other clubs to see if there are any takers for their discarded players.

Piper tries to provide moral snpport. "Sooner or later a player comes to the end of the line," he says. "A lot of juniors guess beforehand that they are not going to be signed on. It's a heart-breaking thing. Since primary school they have dreamed of being a footballer. I have been there for them, sitting and listening and sometimes drying the tears. The essence is saying: 'You matter as a person'."

Isn't that approach at odds with the macho world of the changing-room? Piper admits that he wonders if he has done anything useful. "Sometimes I feel I'm standing round like a spare part. The hardest thing was introducing myself to the players. I felt I was an outsider. There's still a bit of that, hut most of them are very friendly."

Piper has moved from outsider to insider. He has taken part in the club's phone lina for fans. His greatest honour – apart from donning a Fulham shirt and playing at the ground for the staff team – was being asked to pay tribute at Craven Cottage to Bohby Moore, after the former England captain and Fulham player died in February.

Lewington says: "With Gary, there's always someone there for the players to talk to. He's the type who will sit down and listen. Coaches and managers are not the people to do it. There's a hlock between us and players – sometimes they need a neutral. Gary has bridged the gap really well."

Piper usually spends Thursday morning at the club, for the training session, as well as going to the first or reserve team games on Saturday. Thursdays are better for seeing the players, because there is no match-day pressure.

The playars can discuss prohlems with him in confidenca. "Thay know it isn't going to get back to the manager or the directors" he says.

He keeps an eye out for players who have been dropped from the side, or are out for months through injury. News is passed down the chaplains' grapevine and Piper has been to see players in bospital who have come to London from other parts of the country for an operation.

In the 1992-93 season Fulham finisbed midway down the table. When people hear that the team has a chaplain says Piper they tease that the club sbould be doing better. Bnt how does he see his role? "I'm there because I'm a Christian, but not to thrust religion down the players' throats. I say to them that I am qulte prepared to talk about my faith, hut I let them bring the aubject up – and some have talked to me about it."

Piper, like Boyers, is unpaid. British soccer is still very different from American Football. For professional and college teams in the US services and prayer meetings are regular accompaniments to games.

Piper says: "Players for the San Francisco 49ers regularly go to church. They were surprised that it doesn't happen here. I think it is very difficult for players here who are Christians. But there are a number who are not frightened to say they are. They are becoming more vocal."

None of the Fulham players are regular churchgoers, as far as he knows.

Piper does not see the players prior to the kick-off on Saturday. "The changing-room is absolutely sacrosanct before a game, except for the manager and coach," he said. "I never go there."

Cricket/Teresa McLean

The voice of point blank opinion

A LIFE IN CRICKET
by Jack Bailey
Methuen £14.99

A LIFE in Cricket is a well titled hook, touching on every aspect of Trevor Bailey's cricketing childhood and years at Cambridge University, no fewer than 21 years of playing and administering for Essex, a decade of tranchant resistance for England in the 1950s and 1960s, then since 1966 his writing in The Observer and Financial Times, his cricket books, work for puhlic ralations companies and, above all, his Test Match commentaries on the radio.

I am one of many people, including some not particularly interested in cricket, who like and admire Bailey on the radio, where he is the voice of point hlank opinion clearly expressed. One of this book's themes is Bailey's confident pursuit of his own line and it was as lucky for England as it was unlucky for spectators that the obvious line for him to take as a player was usually a refusal to be out.

He became a model of steady howling and defiant hatting that drove opposing teams to distraction and sent some fans to sleep. However, his innings of 71, in partnership with Willie Watson's 109, to save England from the ferocious bowling of Australia's Ray Lindwall and Keith Miller in the second innings of the 1953 Lords Test instantly became a symbol of national pride.

One of the things this book does well is conjure up the atmosphere of the 1950s. Accurate, calm and dogged, Bailey and his fellow saviours go from one work of rescue, if not triumph, to the next in 1950s Tests.

The morning after the 1953 Lords Test, Neville Cardus'a headline in The Manchester Guardian "Miracle of Faith at Lords" nicely complements tha author's description of national tension as evening fell on the fifth day, offices in north London emptied and Bailey stayed at the crease, earning himself his lifelong nicknames "The Boil" and "The Barnacle".

It is not exciting reading hut if you want to know the details of Bailey's cricketing life, including many he does not include in his early autobiography, Playing to Win, it is interesting. If you want to know ahout his personal or emotional life, you are wasting your time. It is a cricketing biography and it is exhaustive.

There is only one set of pictures, which is a pity. Surely there could have been a few more of the young Bailey, hlazered and Brylcreemed, oozing self-assurance. Perhaps too there could have been a little more about the problems.

The vexed question of amateur/professional relations is touched on repeatedly, in the light of Bailey's amateur status and Len Hutton's position as England's first professional captain, but not fully examined. Bailey's unsuccessful captaincy of Essex 1961-66, his failure to win the captaincy of England when Hutton retired and the unhappy departure from English cricket of his protege Barry Knight are among the problems that get away lightly.

The book is a hit hland, sometimes a hit dull. But Jack Bailey has written it clearly and, like his namesake's batting, it is well worth having.

TRAVEL

A little hacienda that I know . . .

The Hacienda de San Rafael, 30 minutes south of Seville: memorable location and hospitality

Michael Thompson-Noel has been sampling a mix of top-class and good value hotels

I SEEM TO have whizzed through a few hotels lately – some grand, some not, but each of them proof of the diversity and rapidity of evolution in the international hotel business.

Take the Hacienda de San Rafael in western Andalucia, Spain. It is 30 minutes from Seville, Jerez or Arcos and 75 minutes from Ronda. The hacienda is owned and run by Kuky and Tim Reid and is entirely surrounded, at this time of year, by fields of sunflowers stretching to the horizon – a magnificent spot. In turn, Hacienda de San Rafael is one of the most memorable small hotels you may ever encounter, not only for its location but for its food and atmosphere.

The building dates back more than 150 years. Until 20 years ago the hacienda was a *molino*, used for producing olive oil. It has been restored with enormous care. At present there are seven bedrooms with bathrooms, plus two additional bedrooms for family use.

There is a large living room and dining room located on either side of the entrance to the rose-, jasmine- and bougainvillaea-strewn courtyard, off which four of the bedrooms, duplex-designed and with *en-suite* bathrooms, are positioned. There is a swimming pool, gardens and a paddle-tennis court. The food is exceptional and Kuky Reid possibly the nicest woman in Europe.

The current room-and-breakfast rste at Hacienda de San Rafael is £70 per night. Lunch or dinner: £22. The hacienda can be booked exclusively for a group of 10-14. Until October, a group booking costs £1,080 per day plus 10 per cent service charge. In winter: £620 plus 10 per cent.

You can book for the Hacienda de San Rafael through *TRI* Hotel Marketing in London. Alternatively, you can use Kirker Travel, a vigorous and expert travel organiser that specialises in upmarket European short-break holidays in Spain (primarily Madrid, Barcelona and Seville, but also including hotel itineraries throughout Granada and Cordoba), Portugal, Amsterdam, Paris and Italy. It also handles rail holidays.

Kirker's current charge for three nights at the hacienda on a half-board basis, including car hire and flights from London, is £569 per person. Extra nights: £109. Or you could have three nights at the hacienda (half board) and three (B&B) at the immaculate Casa de Carmona, 20 minutes from the centre of Seville, for £845 per person.

Another excellent establishment is Warsaw's Hotel Bristol. It first opened its doors in 1901, with concert pianist and Polish statesman Ignacy Paderewski as one of its biggest shareholders. It became a Warsaw landmark.

Under the communists the Bristol was closed 12 years ago, but has now been re-established as a joint venture between Forte Hotels and Poland's Orbis. And it is absolutely smashing – stylish, comfortable, discreet and immensely well-run. The service is so professional that there were times when I imagined I was in some hot-shot hostelry in Rome, Sydney or Beverly Hills, the sort of place that charges $1,250 a night just for looking at you.

The Hotel Bristol has 163 bedrooms and 43 suites, two superb restaurants (one Polish, one Italian), the best hotel café I have ever sat in and an indoor swimming pool. Warsaw is more problematic: dull and dusty and (as yet) uninteresting. I went on a coach tour to Chopin's birthplace. It cost £30, which was absurdly expensive, though we were given a Chopin recital by a Warsaw pianist, Marta Gozdecka, that calmed and charmed us. And on Saturday night I found my way to the ballet at the Warsaw opera house which – for *Giselle* – was surprisingly enjoyable. The best seats cost £5.

You will find information on the Hotel Bristol in the Forte International brochure, covering Forte hotels in more than 50 places in Europe, the US, Caribbean and Middle East. The guide price for the Hotel Bristol quoted recently was £61 or $90 per person per night, including breakfast, for two people sharing (singles: £95/$140), though room rates are subject to currency adjustment. Offers in the brochure include extra-value longer stays, such as seven nights for the price of six. In many cases children stay free of charge when sharing a room with their parents.

Vastly different is the newly-opened, 150-apartment Corfu Plaza Hotel near Agios Georgios beach in south-western Corfu, the latest addition to Corfu's huge package holiday industry and owned by the local Rizos family. I doubt that *FT* readers will be fighting to get into the Corfu Plaza – it is not their scene at all – though they might want to send irksome teenagers there for a cheerful introduction to a delightful island.

I was more taken with two other Rizos hotels in Corfu. Like the *Corfu Plaza*, they are to be found in the Thomson Summer Sun brochure – the Hotel Yaliscari Palace at Pelekas and, even more so, the Hotel Aghios Gordios at Aghios Gordios. The Thomson brochure is a 508-page encyclopaedia of feel-good writing of the highest class. Of the Hotel Aghios Gordios, it says: "Couples of all ages will love the romantic setting, peace and tranquillity amid breathtaking scenery."

I am not sure about peace and tranquillity. When I was there the joint was jumping. But the customers looked respectable. The general manager is a beauty. The location is spectacular. And the view westward over the Ionian Sea is without doubt . . . romantic. Two people could have a seven-night (half board) Thomson package holiday at the Aghios Gordios in late September or October for about £680, which is probably good value.

Finally, I spent a weekend recently in a Novotel in the centre of Lille, in northern France. Lille was an eye-opener – excellent shops and restaurants, plenty to see and do – and I am a fan of Novotels anyway, so that was nice. There are 270 worldwide.

Generally, corporate manifestos are risible. But Novotels deliver the goods. There are said to be eight *fundamentals underlying the Novotel* approach to hospitality – a spacious 24 sq metre room; children under 16 sharing their parents' room accommodated free; swimming pools and gardens; special weekend leisure packages, especially at Evasion and Thalassa hotels; meals served from 6am to midnight; business services; parking facilities at each hotel, and convenient locations. In addition, rates are extremely competitive.

■ UK telephone numbers: Hacienda de San Rafael: TRI Hotel Marketing, 081-876-8419. Kirker Travel: 071-231-3333.

■ Hotel Bristol: Forte International: 0345-404-040; France (1) 42 61 10 65; Germany 0130-2944.

■ Corfu Plaza Hotel: Thomson Holiday Shops: London 081-200-8733, Birmingham 021-632-6282, Manchester 061-236-3828.

■ Novotel: Brochures and bookings through Resinter, which also handles other hotel chains in the Accor group, primarily Pullman Sofitel, Mercure Altea and Ibis Arcade: 071-724-1000.

FT Travel Quiz answers

THE *FT's* Travel Books Competition drew an enthusiastic and intelligent response from far and wide, with an impressive number of all-correct entries.

The winner, by ballot, was: Ms P Mitchell of Greenwich, London, who receives £150 worth of Lonely Planet guides and phrasebooks.

The questions were based on *FT* travel articles published since the start of the year. Answers:

1) The green Jacquot parrot is the (endangered) national bird of which Caribbean island? Answer: St Lucia. 2) Upset stomachs are the *most common health problem faced* by travellers. What is the second one? Malaria. 3) Unter Gösing, in Austria, is famous for which sport? Stag hunting. 4) How many bird species does The Gambia boast: 20? 50? 90? 50.

5) Where is Mana Pools national *park? Zimbabwe. 6) A study has* shown that 74 per cent of snake-bites are inflicted below the knee. True or false? True. 7) A Kumari is a living goddess in which country? Nepal. 8) How many UK residents went on a cruise in 1992: 75,000? 150,000? 200,000? 200,000.

9) If you fly to Siem Riep, what famous site are you headed for? Angkor Wat, Cambodia. 10) You are admiring the Côte de Granit Rose. In which part of France are you? Brittany. 11) Sepilok, in Sabah, Malaysia, is famous for which creatures? Orang-utans. 12) Which is *the largest Greek island?* Crete.

13) Which country invented muesli and orthopaedic shoes? Switzerland. 14) Cypress Head is a famous golf course. Where is it? South of Daytona, Florida. 15) 50 years ago, which country was known as the Little Switzerland of the Balkans? Romania. 16) Alexander Pearce was an escaped convict who resorted to cannibalism. Where? Tasmania.

17) Where is Lorenzo Lotto's *Madonna in Glory* to be found? Asolo cathedral. 18) What is the recommended speed limit on Germany's autobahnen? 130kph. 19) How tall is the tallest Joshua tree in California's Joshua Tree national park: 26ft? 36ft? 46ft? 36ft. 20) It took the *FT's* Travel editor, Michael Thompson-Noel, 28 hours (door-to-door) to travel from London to Bali. How many times did the hapless hack's aircraft touch down *before* reaching Bali: four? five? six? four.

TRAVEL

Practical Traveller / **Michael Skapinker**, Leisure Industries Correspondent

Hanging on to your holiday

I HAVE been to only two creditors' meetings of failed travel companies, but I am starting to get the hang of it. At the top table are the liquidator and his solicitor, dressed in black. Between them sits the managing director of the failed concern – pale, fidgeting and alert to the possibility that a jug of water may be poured over his head, as happened at the first creditors' meeting I attended.

The venue is dingy, as the liquidators do not want to be seen to be spending too much money. I was there as a reporter. You do not want to be there as a creditor. You are unlikely to get either your money back or your holiday.

There are three groups of creditors in attendance. There are the trade creditors – hotel keepers, coach owners, and so on – who know they are unlikely to recover anything. There are accountants, representing some trade creditors and the odd well-connected traveller, who also know that there will be little money, but who enjoy tormenting the managing director with inquiries about the Italian villa that was previously on the company's books.

Finally, there is you, the travelling public, who have lost both your monay and your holiday. The travellers fidget while the liquidator reports on the company's meagre realisable assets. They listen while the accountants probe the matter of the Italian villa. Finally, one of the travellers *explodes, finger shaking at the managing* director: "You should be locked up!"

So... *how to avoid these gatherings?*

In theory, no one should ever lose money on a package holiday again. At the beginning of the year, an EC directive came into force, obliging all package travel companies to ensure that customers' money can be returned in the event of corporate collapse.

In the UK, the directive has already *proved useless. Firstly*, there is no way of ensuring compliance. Trading standards *officers are meant to keep an eye* on companies, but they have neither the time nor the experience.

Secondly, no one knows the legal definition of a package holiday. One company which collapsed recently was told by the Department of Trade and Industry that it was not a package holiday company, and did not have to comply with the directive, because it allowed customers to choose their own ferry crossings. As there were customers who had paid an inclusive price for their car, ferry crossing, villa and linen, the DTI's advice was difficult to understand.

There are three ways of ensuring you do not lose your money:

1) If you are travelling by air, ask for your operator's Air Travel Organiser's Licence (Atol). Then telephone the Civil Aviation Authority (071-832-5620) to check it is still in order. If an Atol holder collapses, the CAA will arrange your refund.

2) If you are travelling by road and sea, make sure your operator is a member of the Association of British Travel Agents (0891-202-520) or the Association of Independent Tour Operators (081-744-9280). It is important to check that the *operator* is a member. Having *a travel agent* who *is* an Abta member might not be enough.

3) Pay by credit card. Under the Consumer Credit Act, you could be entitled to your money back *if* the company collapses. If you have a charge card, debit *card or gold card*, check that you are protected.

Monasteries at Meteora: only in the last decade has the discovery of the Pindus' natural beauty by outsiders renewed its prospects once again

The land of Ali Pasha

In the remote Pindus Mountains, Nicholas Woodsworth finds a more beguiling, wilder Greece

I AM all for progress. I am even soft-headed enough to believe in unified European economic development. At least, I was until a few weeks ago, when I drove northwards from Athens through the beart of mainland Greece. If this is progress, *I decided somewhere* between Thebes and Meteora, then we should give *up on the idea* altogether and let the Americans and Japanese get on with it.

I did not expect leafy Arcadian landscapes dotted with temples and statues. I was even willing to admit that the Greece written of by Patrick Leigh Fermor 40 years ago – a Greece of old and vibrant rural traditions – might have disappeared. Who are we, after all, in our demands for peasants on donkeys or picturesque poverty? Mere cultural voyeurs, tourists with more money than sensibility.

But I was not prepared for the wasteland each new vista opened *up. In their rush to catch up with* the rest of Europe, the Greeks seem to have left something of their Greekness, and their own sensibility, behind.

Could this be the same race that developed the architecture of harmonious proportions, the aesthetic of man at one with nature? As I drove along I found it difficult to believe.

Central Greece's towns were unrelievedly drab, an unzoned confusion of industrial hangars, squat apartment blocks, grubby motor repair shops and empty spaces strewn with rubble. Remarkable in their ugliness, villages of unsurfaced breeze-blocks and concrete-slab roofs lay scattered across the vast, flat farmlands of Thessaly. Everywhere, rusty reinforcing rods protruded, precursors to the next desperate phase of gimcrack construction. Despite the wild flowers *and sunshine of spring, roadside* landfill projects managed to turn *parts of even the deepest country-side* into a rubbish tip.

I felt depressed. After only 40 years of modern European development, the hirthplace of western civilisation looks like a dump. *I* was tempted to turn around and, like the great majority of visitors here, head for the tourist enclaves of the Greek islands and coasts; at least the commercialism of sea, sun and sand is predictable.

But I did not. In some distant corner *of the mainland an older*, more distinctive Greece, a Greece in *touch* not with its classical roots but simply its recent past, had to exist.

It does. At Kalambaka I turned west and began climbing the first of a series of switchbacks leading up 6,000ft to tha Katara pass. The warm Easter weekend sun disappeared, as did cultivated fields, flowers, leafy trees and Thessaly's ghastly village clutter.

In a thick fog I climbed up past tbe dead yellow grass of early spring. *Higher still, I ran into winter* itself – snow blanketed tbe *mountain's pine* forests and at the top of the pass a cold wind whipped a new fall of snow sideways across the windshield. When the road came down again and the snow disappeared I was still in Greece, but not the same country I bad left behind.

Wedged in between the Pindus mountain range and Albanian border, *Epirus is the poorest, most iso*lated province in the nation. It has *little to do with the popular image* of Greece as a wine-soaked, sun-kissed land of hedonism.

With the most distinctive regional identity on the mainland, it is instead an area that draws its character and history from its ruggedness, from the peaks and valleys, rivers and gorges of the Pindus mountains themselves. The further one goes into the fastness of the Pindus, the more one forgets that Greece is rushing pell-mell and *none too tidily* into the 21st century.

Epirus's historic isolation from the rest of the country is reflected even in Ioannina, its busy capital. In the company of holidaying Epirots I spent an Easter Sunday morning on the shores of Laka Pamvotis, the tree- and café-lined lake that makes for such delightful strolls here.

But directly behind Pamvotis I could see the first steep, snow-covered folds of the Pindus rising skywards. In the late 18th century the *protection offered by these peaks* allowed Ali Pasha, the Albanian-born "Lion of Ioannina", to rebel against Greece's Turkish overlords and carve out an independent mountain fiefdom.

Ali Pasha may have been celehrated by Lord Byron, the champion of Greek independence, but he was an unsavoury cbaracter, as harsh as the land he ruled. He discouraged opponents by breaking their bones *with sledge-hammers in* public executions. His omnivorous *sexual* appetite *was notorious* – when his son's mistress rejected his advances he had ber and 17 companions bound together, weighted and thrown into Lake Pamvotis. Not even Lord Byron was safe. On meeting the poet, Ali Pasha took a particular fancy to him, and, so it is reported, became obsessed with his small and dainty ears.

Like many tyrants, though, Ali Pasha came to a sticky end. Not far from the Frourio, his walled and minaret-topped citadel on the shores of the lake, you can today visit an island monastery where he *finally* got *his* come-uppance. Trapped by Turkish assassins on an upper storey, be *was shot* in *the* underside from the room below. The ragged bullet holes are still in the monastery's wooden floorboards to prove it.

Epirus's essence, though, is to be found not in its towns, but high up in the valleys and villages of the Pindus. Just half-an-hour north of Ioannina I found myself driving up *rocky limestone defiles* and over deep river gorges in country so *rough* and *broken that even herds* of goats seemed to find it tough going.

It is wild, surprisingly beautiful, and not wholly unpopulated. In the 46 villages of the Zagori, as this, the most attractive area of the Pindus is known, you will find some of the most impressive village architecture in all Greece.

I came into the village of Monodhendhri almost without seeing it. Like all the villages here, it is nearly invisihle, a natural extension of the world that surrounds it. From top *to bottom, from roof to lintel*, floor tile to terrace wall, church tower to cobbled pathway, Monodhendhri is huilt of the grey slate mountainside on which it sits.

Just getting into the village was difficult enough: it is enclosed hy semi-fortified walls and laced by a labyrinth of narrow stone pathways that time and again failed to take me where I wanted to go. Once at my destination, a small inn in the upper village, I found it impossihle *to* get a meal – the place was packed solid.

It was still months from the summer tourist season. Was Monodhendhri always as crowded, I asked Georgi, the young man who helps his parents run their small hotel. Not at all, he replied. This was a crowd of Greek city-dwellers who had returned for the boliday to visit the few relatives and friends who remain faithful to the mountain *way of life*.

Later, when the family parties *had thinned out*, I sat down to a dinner of Easter lamb, a great cbunk of ribs cut from an entire animal turning on a spit outside. Over a mountainously full plate I learned that people – not too many, but too few – have always been a problem in the Pindus.

Prosperous under Ali Pasha, Epirus in the 19th century became an unsettled border territory, disputed by Albania and relinquished by the Turks only in 1913. In Nazi-occupied Greece the mountain *terrain* of the Pindus provided an ideal base for Greek *resistance fighters*, as it did for communist partisans in the savage civil war that followed. In each case vicious reprisals by the authorities led to the abandonment of entire villages. Many villagers left to start new lives elsewhere, never to return to their harsh and unproductive land.

Only in the last decade has the discovery of the Pindus' natural beauty by outsiders renewed its prospects once again. Just yards from *Monodhendhri's* stone-colonnaded cburcb begins a path that *winds steeply downwards for more* than an hour. At the bottom begins a spectacular trek through the Vikos Gorge, Greece's answer the Grand Canyon.

Each summer the gorge attracts growing numbers of trekkers, invigorated by sparkling mountain air and brilliant sunshine, who would not be tempted? I was.

But at Easter, witb snow-melt flooding tbe river on tbe gorge floor, I had to content myself with other, not-so-strenuous pleasures: giddy views over the gorge's sheer, 3000-ft walls; walks through high pastures beginning to hloom with *spring flowers*; picnics *of feta*, wine and fat olives hy the side of clear *green mountain streams*; tramps through stone villages each as attractive as the last. It may not have been as exciting as the eight-bour walk through the gorge, but it was far more exciting than tbe prospect of the eight-hour drive out of the Pindus and back across the plains to that other Greece.

■ Nicholas Woodsworth flew to Greece with British Airways, which has a Eurobudget fare, London-Athens return, of £524 (20 per cent cancellation charge) and Pex fares starting at £278 return.

For those planning either trekking or touring bolidays in Zagoria and the Pindus, a car is a great aid; public transportation between towns and mountain villages is rare. Also useful would be a smattering of basic Greek; altbougb B & B-style accommodation is becoming widely available, few people in these valleys speak other languages.

Tbare are dozens of wholly unspoiled walking routes in the Pindus range. *Organised walks through* the Vikos Gorge and elsewhere can be arranged through Robinson Travel, Ogdhois Merarhias 10, Ioannina, tel: 0651-29-402.

Information about the Epirus can be obtained in the UK from tbe National Tourist Organisation of Greece, 195 Regent St, London SW1, tel: 071-734-5997.

Colombia's more acceptable face

WITH A grunt of pain, the fakir lay back on the bed of rusty nails. On his chest, four be-suited businessmen balanced precariously, *with nervous smiles*. It was lunchtime in the business district of Bogota, and the small crowd of secretaries and clerks applauded and dropped coins into the hat passed around by a ragged boy.

When the fakir got stiffly to his feet, his back was livid with the impressions of nails; here and there, I could see a trickle of dried blood.

Colombia is always full of surprises. In *Bogota, the morning rush* hour resembles that of a prosperous city in northern Spain. Grey-suited workers walk purposefully to their offices among tower blocks in the downtown area. Yet, at midday, when the street corner magicians, fakirs and quack medicine peddlers set up shop, the mixture of Indian faces and dress quickly dispels any illusions of a European city.

Not far from the teeming commercial centre, tucked under one of the mountains that tower over Bogota, lies tha Quinta de Bolivar. The lovely country house, with rooms opening on to a verandah shaded with hougainvillaea, was donated by grateful citizens to Simon Bolivar, who finally freed Latin America from the Spanish empire.

Renowned for his ability to cover miles on horseback over Colombia's tortuous terrain to harass the Spanish, Bolivar was known as Iron Arse by his *admiring supporters*. Within 15 years, he had routed the Imperial armies, and in 1820 created the Gran Colombia comprising Ecuador, Venezuela and Colombia. But internal rivalries ended Bolivar's dream, and the grand alliance fell apart a few years later. Bolivar died, broken-hearted, in 1830.

Travel anywhere in the country and it is easy to understand why he was held in such awe. At an altitude of 2,600 metres (8,515 ft), Bogota is one of the *highest* capitals in the world. Roads leading from *tha city wind* over *spectacular* passes of the Cordillera Central.

I left *early one morning* in an ancient and cossetted 1962 Chrysler. The driver, Antonio, a trim man in his late 60s, had shown me the engine of the car with pride before we set off. Highly polished, a crucifix presided over the spotless compartment where the six-cylinder motor ticked *silently*. "They *made* these cars too well," he said, proudly, flicking a duster over the chromed manifold.

Our destination was the Monasterio de la Candeleria, an Augustinian seminary in the Andes. We climbed past labouring trucks crowded with Indians on their way to market, and then descended through the broad pastures of several rich *haciendas* to Villa de Leyva.

A *pretty village* of low white-walled houses tiled in red, it was a *favourite* resting place for Bolivar to escape from the sombre climate and political intriguing of Bogota. With a balmy, year-round temperature of 18°C (65°F), it is still a popular weekend resort for wealthier Bogotanos.

The seminary lay tucked in the mountains, 90 minutes' drive across a semi-desert. The monks were at lunch, the only café closed, but Antonio provided refreshment. At the touch of a button, two tiny nozzles under the dashboard dispensed red wine or *aguardiente*, a local anisette made from coconut.

We sipped and waited for the bell to ring announcing that the monastery was open. Finally, a young monk gestured us through the large, arched gateway. The cloisters were lined with *flowering vines*; parrots and parakeets dozed on the *branches of orange trees* on the wide central patio. Small groups of seminarists chatted and laughed on their way back to class, passing under stern oil portraits of their predecessors.

We were shown the chapel, with an early and very hloody Christ on the cross, and then taken to a museum where the bizarre artifacts ranged from Indian arrows from the Amazon to the first jukebox to play in the high Cordillera. As we left, our guide told us he would soon be leaving the mountain calm of the seminary for one of the toughest slums of Bogota.

Five hundred miles to the north of the capital, and in complete contrast to the arid plateau of the Central Cordillera, lies Cartagena, on the country's Caribbean coast. For 300 years, it was the only port for the entire continent, and the walled city was fortified heavily after repeated raids by the English in the 16th century.

Still ringed with high, buttressed defences, the narrow streets offer tantalising glimpses of cool patios with fountains playing. Churches and green plazas give way to unexpected vistas of the sea through gates in the city walls.

The Cartagenos are a cheerful and colourful people, mixed descendants of the Spanish, local Indians and African slaves. Their friendliness and the relaxed atmosphere of the town make it a popular holiday destination for Colombians from other major cities, particularly Medellin, where the police clamp-down on the drug cartel has put the town under virtual curfew.

During lunch at a beach-side restaurant, the thud of a distant explosion sent a frisson of concern through the diners and I heard the phrase "car bomb." But a waiter reported that a transformer had short-circuited on a nearby electricity pylon.

That night, my last in Colombia, I *took a chiva* tour from my hotel. The *chiva*, an open single-deck bus, was packed with Latin American tourists. At the back, three musicians played *musica campesino*, the forerunner of *salsa*, at high volume on a trumpet, accordion and drum.

Until 3 am, we toured the night-clubs of Cartagena, drinking rum and dancing to *salsa* and *merengue*. We *had started the evening as total* strangers; by the end, I had addresses and invitations to visit Brazil, Argentina and Chile, and had learnt a few new dance steps. As the *chiva* wove back through the warm, sleeping streets, night watchmen would rise and dance a few steps until we were out of earshot.

I took the last sip from my rum bottle and reflected that the major problem with Colombia was its size. Ten days had not been enough. I knew I would return soon to visit more of this remarkable country.

Nick Haslam

■ Nick Haslam flew to Bogota c/o American Airlines. Generally, return flights, London-Bogota, start at £442, except in high summer when they are dearer. His boliday was organised by Passage to South America, 41 North End Road, London W14 8SZ (tel. 071-602 9889).

A two-week Colombian holiday – two cities, one beach resort, inclnding internal flights, hotels and breakfast – would cost from around £1,000, says the company.

Return to Saigon . . .

■ From page I

habitants rarely call it that. For more than a decade, Hanoi's attempts to re-maka the city's substance and spirit in a socialist mould rarely were successful. Since 1990, with Vietnam's gradual re-admittance of market economies and an open-door investment policy, Saigon has become a place that hums and throbs ceaselessly with entrepreneurial energy.

A few hlocks up from the Dong Khoi hotel on Le Loi Boulevard, both the French colonial past and the American war seem only a distant dream. Even from the seat of a slow-cruising bicycle, you can feel the *impetus that has* turned Saigon into Vietnam's leading force for *social and* economic change and the busiest, most productive *city in the nation.*

At the entrance of the newly-renovated *Continental* Hotel, once headquarters for generations of war *reporters*, I watched European, Australian and even *occasional* prospecting US husinessmen dash through *the heat from* meetings to their air-conditioned rooms. *In front* of the busy Ben Thanh market, young Vietnamesa men roared by on shiny new Japanese motor-bikes, the *fruit of* labour in one of the city's sprawling factories, textile mills or middle-tech assembly plants. A little more sedately, but much more fashionably, legions of young Saigonese women scudded by on scooters, fitted out elegantly in over-sized sunglasses, bright dresses, and colour co-ordinated driving gloves that stretched to their elbows.

Cycling down by the docks on the Saigon river, where the fictional Fowler watched US warplanes heing unloaded, I saw container ships from Piraeus, Panama and Yokohama unloading their own less-destructive cargoes of foreign factory equipment, cars, television sets. It will not be long before Saigon is making some of these things itself.

Pedalling about late at night, I watched crowds of laughing Vietnamese emerge from some of the scores of city bars and dance clubs that have opened recently. By the standards of the recent past, even the names of these places are shocking: "Apocalypse Now", "Good Morning Vietnam", "B4-75." In their dress, their behaviour, their evident enjoyment of life, these Vietnamese on an evening out could be British, French, German or – dare one say it – young Americans.

There are many travellers in south-east Asia, self-perceived purists of oriental culture who, arriving in Saigon, look somewhat disdainfully on the city. You must go to Hue, or Hanoi, or into the villages, they say; Saigon is not the real Vietnam: it is a fickla, cheap, neon city, the tart of Indochina, tainted by decades of contact with western values and western commercialism.

I disagree. Saigon is the entrepreneurial city it bas always been. Unlike the North Vietnamese, its inhabitants are a commercial people with an eya always on tbe main chance.

This same materialistic vitality also gives them a *joie-de-vivre:* a sensuous pleasure in colour, movement, noise, food, conversation and oompany. Saigon's psyche is southern, and as different from that of Hanoi as Brussels is from Marseilles. Compared with much of south-east Asia it is still an old-fashioned, bicycle-ridden city, but is a place that roars and swirls with life. It is a place unlikely to remain old-fashioned for long.

□ □ □

AFTER THREE days of cycling, I finally found the ochre-ooloured French colonial bouse for which I was looking. It had changed little. Behind its high wall, the sami-circular architecture, portal-shaped windows and high-columned verandahs were just as I remembered them.

In the end, though, the Saigonese villa of my childhood failed to come alive – it remained as static and dream-like as it was in my memory. Perhaps it is true that there is no going back. Saigon has been through so much since, and seams embarked so determinedly on yet one more stage in its turbid history, that the house is a walled-off piece of history.

What fills my imagination now are other, equally vivid images collected while looking for a past – those of an energetic, restless Saigon looking for a future.

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PROPERTY / EASTERN EUROPE

Pitfalls that await the unwary

YOU WORK for one of the companies spreading out to take advantage of the opportunities opening up across eastern Europe. Where might you be sent and what sort of living conditions would you have?

Pauline Sheerman, head of the Confederation of British Industry's eastern Europe department, says you would probably go to Poland, Hungary, the Czech republic, Russia or Romania. What happens then depends on the company.

A large group might rent a whole building, using part for offices and the rest as accommodation. But even major companies have to test the water first and send out a few staff with the pioneering spirit. After the initial spell in a hotel, their experiences can be varied. Rented flats may be scarce, or simply hard to find in places where letting agents are not part of the scene. Local office staff may have to fulfil that role.

Beware of renting something that could be the subject of a restitution claim. "Unfurnished" can mean no lights, carpets or kitchen units. Often, telephones can take months to be connected. There are many pitfalls for the unwary.

Ion Florescu and Marek Scidor-Rylski are co-authors of *Making a Success of Joint Ventures in Eastern Europe*, a CBI book just published.* Florescu, who is Anglo-Romanian, is general manager of a London-based company and visits Romania each month.

He warns that accommodation for people going there to work is "very basic"; as a result, many foreigners live permanently in hotels. While there are some agents in Bucharest, generally you have to rent privately from local people, who might sub-let a flat in a house. It is difficult to find a modern, well-kept apartment.

Florescu says: "For a shabby, two-room apartment in the centre of Bucharest, you will pay $500 a month, with rent three to six months in advance. You will probably need to employ someone to redecorate before you move in, and you have no security over the accommodation."

Scidor-Rylski is Anglo-Polish. He is with a Canadian-quoted company investing in eastern Europe and spends half his time in Poland. He says: "Everybody can and does own property there. There are plenty of apartments." A small flat in a tall building – functional but austere – should cost $300-$500 a month.

The problem is lack of offices, not flats, although some hotels will arrange for you to use an office on another floor, or adjacent to your room. But the worst thing about living in Warsaw is car theft. "Take a good immobiliser," he advises.

Some new arrivals in eastern Europe have had a few problems. Nick Gera works in Sofia, Bulgaria, for London-based chartered accountant Touche Ross. He rents a five-bedroom, semi-detached house with garage "and over-run garden" in a village six miles out of the city for £840 a month and lives there by himself.

Gera found it through a contact when he went earlier to Sofia to work on a temporary project. He

*So you're moving to eastern Europe. **Audrey Powell** looks at the problems of finding a home*

advises anyone who can to go there before moving – for a holiday, perhaps – so they can look for accommodation at leisure.

Finding it is not difficult, Gera says, because plenty of people in Sofia have built houses in surrounding villages to let to foreigners. While they often seek ambitious rents, he knows of deals agreed at a third of the asking figure.

Do not sign the first contract offered, Gera advises, and watch out for any "nasty" clauses. Get the lease fixed for as long as possible – a request for renewal will result in a demand for increased rent.

William Touche, senior manager of Touche Ross and a great-grandson of the firm's founder, has just returned to London after 2¼ years in Moscow (Touche Ross has about a dozen offices in eastern Europe). At first, he lived in a hotel with his wife and baby. "With all the property state-owned, it was extremely difficult to find anyone to let apartments," he says.

Ingenuity was called for. Of the limited options, an apartment in a leafy boulevard in central Moscow appealed. Unfortunately, it already had tenants: a psychiatrist, her mother, child and divorced husband. She was anxious for him to go so Touche paid seven months' advance rent; this allowed the man to get a co-operative flat elsewhere. With the aid of brokers, a smaller flat was found for the psychiatrist and her family.

The firm paid the rent for this, plus £700 a month for the boulevard apartment with its four rooms and parquet floors, and Touche moved in. When he left Moscow in April, his replacement took it over.

Finding accommodation in Moscow became easier, and renting it much cheaper, after the coup in 1991, he says. Now, there are more brokers who will fix up deals. At first, they stuck notices in phone booths; today, they advertise in English-language newspapers.

Although there are a number of relocation companies in Britain, few can help over moves to eastern Europe. But one that does is Hamptons Relocation in Swindon, Wiltshira (tel. 0793-619 555). Quoting from its comprehensive information sheets: "Prague is becoming busy with Americans and Japanese. This has led to a dramatic increase in rental prices."

It gives the average monthly rental for a three-bedroom furnished property there as £1,835, and £1,282-2,565 for a similar-sized property in Warsaw. Hamptons adds: "In Budapest, Hungary, apartments are generally rather small, with few in the three- to four-bedroom category. But there is a fair amount available..."

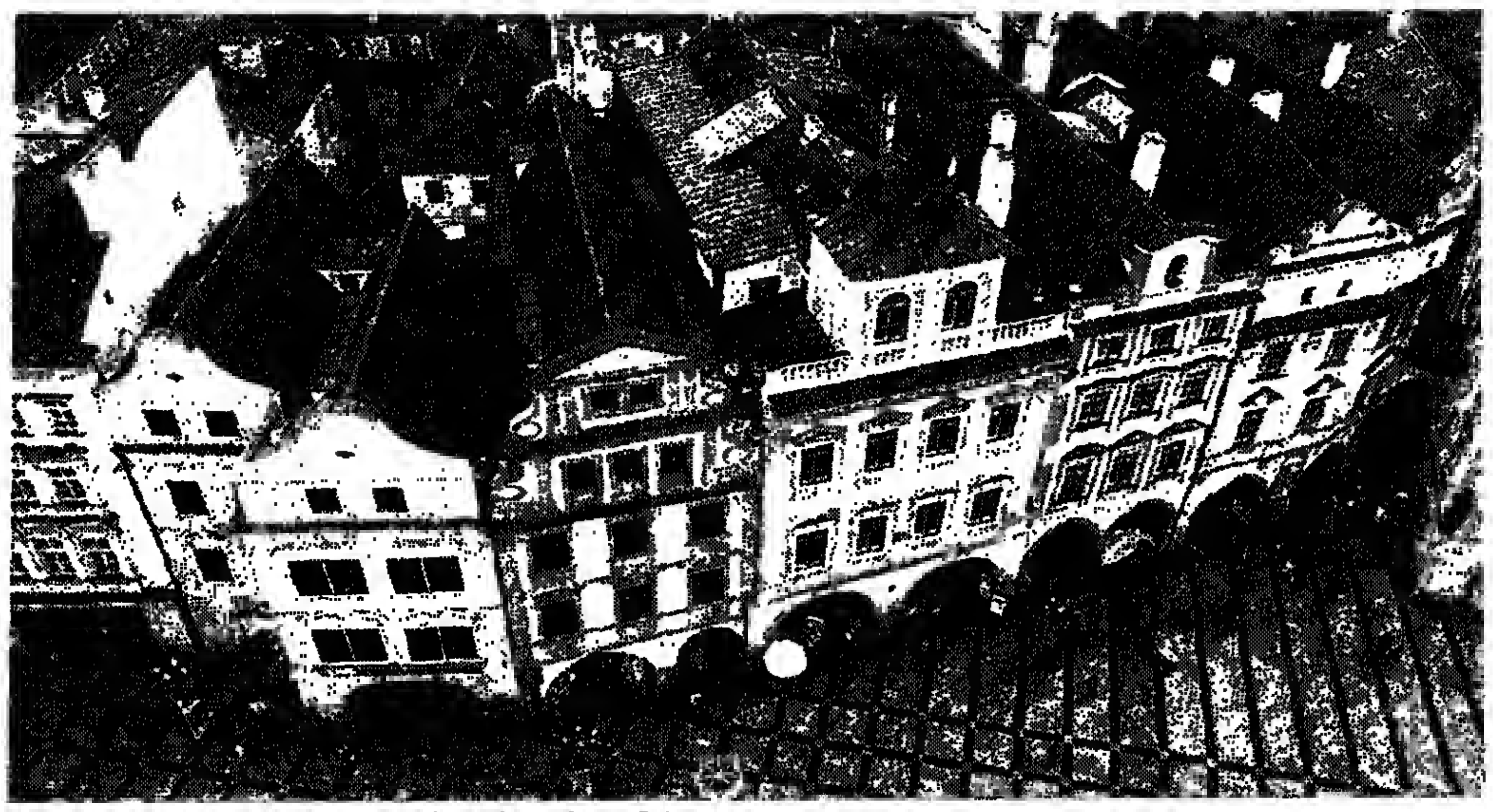
The agency likes to meet clients, with their families, at their UK homes to take details of their requirements, says international relocation manager Anita Saunders. It will tell them what they can expect in the area sought, and its representative there will inspect suitable properties and show clients a selection. It also handles negotiations and rental terms.

"Just give us the moving date," adds Saunders, "and the property should be ready." Fee: £2,250.

**Insight International, £50. 110 pages.*

Prague: no place for the short-term view

*Buying in Europe's most scenic city needs care but prices look certain to fall, says **Gerald Cadogan***



Prague's Old Town . . . instant appeal but properties can be very hard to find

PRAGUE property prices soared after the release from communism. Now, the signs are that they will stabilise at lower levels as the Czech Republic adjusts to becoming a market economy. There is also the matter of producing a reliable legal framework for transferring real estate. So, at this difficult stage, take your time if you want to buy a flat or house in one of Europe's most scenic cities.

Look around and talk to as many Czechs as you can. Then, buy not for the short term but on a medium to long view – there will be no quick return on your money at west European rates.

It helps if you are either Czech, have a Czech parent or live permanently there already. If you do not qualify on any of those grounds, the first essential is to set up a joint venture company (although this need not, in fact, be joint – you can provide all the capital). This leads to a long-stay residence permit which, after eight years, qualifies you for permanent residence.

So says Nicholas Kirke, of Agentura Kirke, who has written two useful pamphlets*: *The Prague Property Market* and *Buying Apartments in Prague*. He adds that the initial capital required can be as low as Kc100,000 (£2,300).

To save money, go directly to a Czech lawyer (he will charge less than a British one – who would have to use a Czech attorney in the end, anyway). One special problem is restitution – the return to its owners, or their heirs, of property confiscated after the communists took over in 1948. Care is needed to ensure titles are clear.

So, where to buy? The Old Town (or Mala Strana), the charming old settlement across the Charles Bridge, will appeal instantly but properties are very difficult to find. You might get lucky if you are willing to take on a house with sitting tenants and help them to move elsewhere. That would take time, but you would not necessarily have to pay money to empty the flats.

House bought, you would be able to renovate the flats and charge more rent than the average £12 a month a Czech pays for a two-room apartment (which includes a 100 per cent rise last July). But be prepared for hassles with the builders – and to find that a glorious, newly-painted baroque facade has hidden rot behind it.

Kirke says vendors do not know what to ask and prices are tricky. He feels the situation in central Prague will ease when vendors stop selling occupied houses as if they were empty. At present, you could face a demand for $1m for such a house on the island beneath the Charles Bridge.

There are two government valuations on property, although these are of limited help to foreigners-in assessing the price. One is for local taxes; weighted in favour of newer houses, it could be far below the market value in the Old Town.

The other is for a special tax on sales to foreigners (the law says the vendor must pay this hnt buyers usually end up footing the hill). It is a theoretical valuation based on what the property might fetch in other European capitals. As the tax ranges from 4 per cent of this value to 11.375 per cent, it can be an expensive extra.

An alternative is to live 10 minutes away from the city centre in a well-built 1920s' or 1930s' apartment block.

Kirke suggests you conld buy the whole building for between £60,000 and £100,000, use the cheap and easy public transport, and rent ont what you do not need for yourself.

**The pamphlets cost Kc50 (Kc100 or equivolent obroad, cash with order) from Agenturo Kirke, Perlova 1, 11001 Prague 1 (tel: 010-42-2-264 378).*

LONDON PROPERTY

INTERNATIONAL PROPERTY

LONDON RENTALS

Monuments to deception

***E.H. Gombrich** enjoys a book that questions the historical evidence we place in past images and buildings*

FEW READERS contemplating this well-produced tome with about 500 pages of heavily footnoted text and 262 varied illustrations are likely to suspect that beneath its academic surface it carries an explosive charge. For the author is out to challenge a conviction of which he methodically traces the origins and the vicissitudes, the conviction dear to many art historians, that visual evidence surviving from the past in the form of monuments and images must be accorded equal status to written testimonials presented in chronicles, charters or archival documents.

It is well known that, in this country at least, this opinion gained ground very slowly. Shortly before the Chair of Art History was established at Oxford University which is held by Francis Haskell with such distinction, I attended a meeting at that University in my temporary role as Slade Professor of Fine Art at which historians were asked whether they would favour such an innovation. Most of them were distinctly lukewarm. One of them suggested that military architecture – the fortifications of mediaeval castles – might present a welcome addition to the history syllabus, but most of them considered the cultivation of art history the job of museum curators and collectors who, of course, counted outstanding specialists among their ranks. It is true that John Ruskin in *The Stones of Venice* had undertaken long ago to link the rise and fall of the city with the history of its architecture, but this flawed work of genius (splendidly analysed here by Haskell) hardly commended such an approach to hard-headed historians.

HISTORY AND ITS IMAGES: ART AND THE INTERPRETATION OF THE PAST
by Francis Haskell
Yale £29.95, 558 pages

It may indeed be argued that it was only the arrival from the continent of art historians nurtured in a different tradition that ultimately breached the fortress of higher education. However much these new arrivals may have differed in their methods, most of them were agreed (to use Professor Haskell's words) that "in principle figurative art could provide some direct insight into the past."

The chapter of the book from which this formulation is taken is headed "The Deceptive Evidence of Art". It might have served as a title of the whole book. But anyone familiar with the author's previous publications will hardly go wrong if he locates its germ-cell in the preceding chapter on "The Historical Significance of Style", more precisely in the pages devoted to Hippolyte Taine's interpretation of Jesuit church interiors as a deliberate effort to dazzle and convert the populace with "all the sweetmeats of pious confectionary". Haskell comments tersely that "modern scholars ... have invalidated the notion of a politically motivated Jesuit art". He does not say that quite early in his career he was one of those "modern scholars"; indeed, his seminal book of 30 years ago on *Patrons and Painters* which contains much of the evidence is even absent from his bibliography.

We may well surmise that Haskell branched out from this base, ingesting the validity of similar conclusions in the centuries before and after Hippolyte Taine. We are reminded in a series of 16 brilliant chapters how, long before art history existed as a branch of learning, numismatics had claimed a similar special relationship to history, as did the budding discipline of antiquarian studies represented by such towering figures as Montfancon. And on to Winckelmann and such pioneers of cultural history as William Roscoe, the biographer of Lorenzo de Medici.

He devotes memorable chapters to Alexandre Lenoir's *Musée des Monuments Français*, to Michelet and Jacob Burckhardt, to historians of popular imagery and caricature, notably Champfleury and those visionaries of our own century who even wanted to interpret artistic movements as prophecies of things to come. Haskell concludes his survey surprisingly but convincingly with an account of the great Dutch historian Jan Huizinga, whom he enlists as an ally, since he too was inclined to question the evidential value of the arts which meant so much to him.

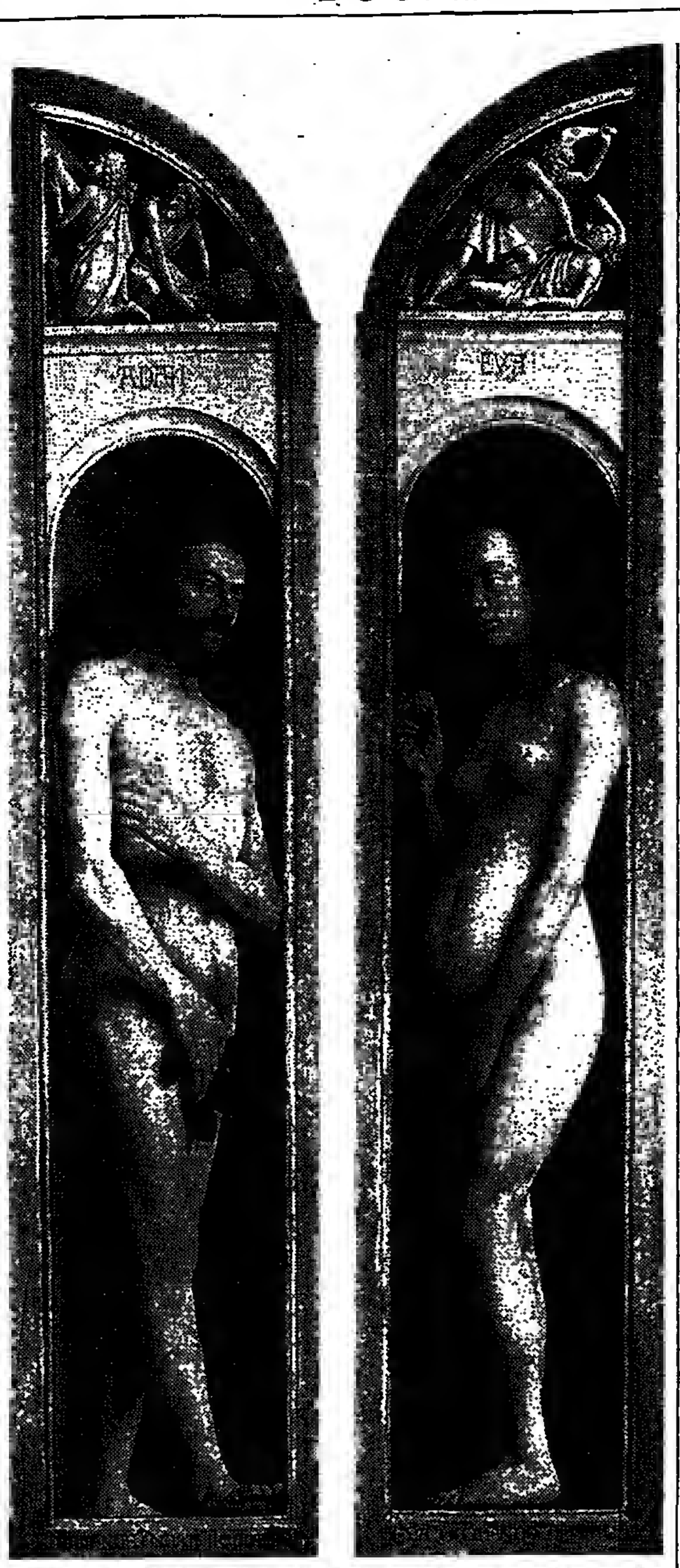
Let no one fear, however, that in these packed pages he will encounter indigestible lists of names and dates. Everywhere the author excels in his well-proven gift of vividly describing the protagonists of his story as if he had been personally acquainted with them. No-one reading the beautiful last chapter is likely to forget the picture of Courajod, who "would sit at a green baize table onto which he would sling his sets of photographs as if they were exhibits in some important trial. The oil lamp was so placed that his face remained in darkness and only his hands were brightly lit." Or his descriptions of James Weale, an Englishman who is familiar to most of us only as a name in the bibliography of early Flemish painting, as "a lean, tall figure with wide yet stooping shoulders, clad in a grey coat of unfashionable cut, moving with shambling gait on out-turned feet; a full grey beard; and shortsighted eyes peering through spectacles from beneath the widest brim imaginable of a black felt hat."

Here, as in his earlier books, the author puts his conviction to the test "that to try to follow the emotions and reasoning of particular historians looking at specific works of art offers by far the most rewarding way of coming to terms even with the most abstract ideas that are discussed in this book". Indeed, he quotes the Comte de Caylus, the great antiquarian, for the opinion that "the antiquarian should shun every kind of system: I look upon them as an illness of the spirit."

Is it unfair to suspect that Haskell has a good deal of sympathy for this opinion? This might explain the puzzling fact that he all but passes over the highly influential "system" of G B Vico with which he is of course fully familiar but which he leaves on one side on the grounds that Vico "was not interested in art". True, but it was Vico whose New Science replaced the story of individuals by the study of collectives, postulating a law of evolution leading civilisation from primitive stages to the dominance of human reason.

Admittedly, it was mainly law and poetry that had to serve him as evidence, but it was soon apparent that the visual arts also fitted snugly into this system. When Vasari or others had described the evolution of art in terms of organic growth and decay they considered the arts in isolation. Now this growth could be seen as yet another symptom of the evolution of mankind. There are traces of this conception in Winckelmann but the varying forms of evolutionism that dominated historiography in the 19th century made it hard to resist the conclusion that "primitive" styles of art that shared certain characteristics with the art of children betokened the primitive mentality of the "childhood of mankind."

Most of the historians considered by Haskell subscribed to this dubious "system." It may well be argued that not before this fatal link between the theory of evolution and the study of human history is finally broken will it be possible to separate the legitimate use of visual evidence from those beguiling fantasies with which the author has so heroically wrestled in this important book.



Adam and Eve, an altarpiece in the cathedral of St Bavon, Ghent by Jan Van Eyck: one of the many illustrations in Francis Haskell's important book

Armistice turned into nightmare

ALL TOO infrequently a military history is published that, conforming to the highest standards of scholarship, comprehensively rewrites a known passage of warfare. Richard Lamb's *War in Italy* is unquestionably such a book.

There is nothing that compares with it in English, and very little in Italian. National pride and national embarrassment have inhibited due scrupulousness in the latter language. There are any number of partisan memoirs, but these address only one strand in the story. And, as the author argues, the partisan war was itself a blemished enterprise.

Lamb takes as his starting point the September 8 armistice. With its army beaten in Africa and the Allies poised to launch an invasion of its mainland, Italy had already experienced disaster as a consequence of Mussolini's rule and his alliance with Hitler. But the armistice turned disaster into nightmare.

Following Field Marshal Messe's surrender at Tunis on May 7 1943, King Victor Emmanuel III ordered Mussolini's arrest on July 25, replacing him with Badoglio, another Field-Marshal. Badoglio then sued, as best he could, for peace with the British and Americans. The Allies, distrusting yesterday's enemy, insisted on unconditional surrender as the necessary precondition to any pact against the Germans. Tragically, no proper plans were made to use surviving native forces to expel German divisions from Italy. Kesselring was given breathing space, which he used adroitly to secure Rome and make the Reich's southern flank as difficult to overcome as possible.

This was an enormous setback for Field Marshal Alexander, but it was an even greater setback for the Italian nation. After 40 days in power Badoglio had to vacate the capital. He, the King and a skeleton government removed to Brindisi. Amid the confusion Mussolini was allowed to escape. With German connivance, a new republic was established at Salo in the North, plunging Italy into civil war.

One of several myths Richard Lamb debunks is the timidity of the Italian soldier. Many Italians would happily have died for their country. The problem was in knowing against whom they should die. Soon there were two armies of occupation – the Allies' as well as the Germans. It was the political failures of 1943 that corroded the vigour and integrity of Italian arms. Paradoxically Italy as a nation might have fared better had she stuck by Germany, for at least she would not then have had to suffer German reprisals at what Hitler considered a savage betrayal.

WAR IN ITALY 1943-1945: A BRUTAL STORY
by Richard Lamb
John Murray £19.99, 336 pges

Those reprisals too often took the form of the vilest atrocities. The Ardeatine Cave massacre is infamous. Less publicised were the quantitively greater massacres of Italian troops in the Adriatic and in the Aegean. In the eastern waters of the Mediterranean the Reich's garrisons ware manned by mixed German and Italian forces. When – following the armistice and Badoglio's instructions to resist only when fire was offered – some Italian units did not immediately surrender to their former allies, the German line was simple: slaughter them.

Italy also suffered at tha hands of the Allies, whose bombing raids against the German-occupied zone regularly caused havoc among the civilian population. But there was mischief too of the Italians' own making. The partisans, operating against the German military, were not a united front. On the one hand were the patriotic Green Flames, on the other the communist Garibaldi brigades.

At the final collapse in 1945 both groups took what little law there was into their own hands. Alleged former fascists were indiscriminately murdered, while some Garibaldi elements abetted Tito's bloody attempts to wrest control of the north-east. Concurrently General de Gaulle, with scant regard for either Allied or Italian wishes, tried to annex part of Piedmont. In a ploy that was as scurrilous as it is shocking, ballot papers attached to ration cards were distributed amongst the local populace in a bid to get them to vote for French suzerainity. And so on. In short, a devastating tapestry of misfortune interwoven with duplicity.

What lessons can be learned? The first and overwhelming is the most familiar: human nastiness. The second is: beware making war with one's ideological friends. The third: beware even more of abandoning them half-way through.

Richard Lamb restitches every thread. One of many ghosts he lays is the alleged quiescence of Pope Pius XII. More than anyone Pius grasped the futility of protest against the Nazis. Instead he wisely kept his head below the parapet, in which position he clandestinely succoured not only many ethnic Italians, but not a few Jews as well.

The strength of *War in Italy* is its familiarity with many hitherto unexploited sources, and its judiciousness in handling them. That said, it should be pointed out that Lamb's survey is not a popular account of events. Each chapter is a study of a particular aspect of his subject. But no-one with a serious interest either in Italy's War or contemporary Italian society can afford to ignore it.

Justin Wintle

Evacuee goes west

ALISTAIR Horne was bundled from Britain to America in July 1940, aged 14, one of thousands of schoolchildren evacuated to America in the early part of the war before the threat from U-boats made the crossing too dangerous and the evacuations were halted. Now an accomplished historian and the author of the recent biography of Harold Macmillan, he evokes in marvellous detail the perils and pleasures of growing up in America, not least his release from an English boarding school education made unbearable by snobbery and bullying, and his welcome into the warm and unaffected environment of a Bostonian family clan.

What his American family found when they unwrapped their bundle was not exactly lovable. "I was a jangle of complexes and inhibitions, with the instinctive snarl of the mongrel waiting to be kicked, without a shred of self-confidence or dignity." For that, perhaps, partly blame the death of his mother, Auriol, when he was five and a single childhood spent with a succession of governesses, one of whom he later seduced when she visited him at Cambridge ("She had an engaging way of saying at the appropriate moment, 'Was that nice?' – much as I remember her enquiring after I had gobbled up one of Cook's puddings").

One of the charms of Horne's book is the vignettes he provides of vanished worlds, helped by the fact that his mother wrote everything down and threw nothing away, even her dance cards.

Born into the Scottish aristocracy, she became a pioneering woman journalist and a star of 1920s high-life, following the example of her aunt Maggie, a legendary Edwardian hostess, who had married into the Grevilles and kept court at Polesdon Lacey. Marriage to James Horne, 18 years her senior and the possessor of a small fortune acquired in India, was not a success. Horne's father retreated to the Oriental Club, and his mother's social world whirled faster until she died in a car accident.

A BUNDLE FROM BRITAIN
by Alistair Horne
Macmillan £17.99, 333 pages

When he was not being bullied, Horne junior seems to have spent most of his schooldays trying to build incendiary devices from chemistry sets in the school shed at Ludgrove, where the Royal princes William and Harry are presently schooled. Horne thinks it must have improved. It needed to: "To me, in its humbug, snobbery and rampant, unchecked bullying, it came to represent everything that, all through the rest of my life, I most disliked about England." Thrown into a large, exuberant American family, his first response to sharing a tiny twin-bedded attic with the eldest son is to ask, "But where's my sitting room?" Gregariousness soon knocks the edges off this awkward young English boy abroad, even as he anxiously listens to the news bulletins from England. And as America inched towards involvement on the Allies' side, Horne paints a vivid picture of the arguments between isolationists and interventionists being played out between 15-year-olds in the classroom and on the tennis courts of Martha's Vineyard.

Volunteering for the RAF, via Canada, Horne finally returns to England, to find that the family seat has been sold and that conditions are far worse than his heroically phlegmatic father ever let on. Father and son enjoy an all too brief rapprochement; only a few months later his father falls and fractures his skull while walking home from the Oriental Club in the black-out.

For all such sadnesses, though, this is an exuberant book, which describes, with honesty and humanity, a childhood played out against the backdrop of some of the most momentous history this century.

Mark Archer

Intelligence on Bond's creator

IN 1966 John Pearson wrote a good biography of Ian Fleming, who had died, only 56, two years before. Its weakness was that it became extremely sketchy about the last years, so much so that many readers must have guessed that Pearson had run into problems, presumably with the widow, Ann, formerly Lady Rothermere.

This book, which is no way a serious biography and scarcely a "reappraisal" as claimed but a series of observations on Fleming's interesting life, is free of that inhibition. Donald McCormick, aka Richard Deacon, is a former journalist colleague of Fleming and an frequent author in the spy stakes. He was one of Fleming's stringers after the war and writes about him with affection.

Not surprisingly, McCormick confirms that the Ian/Ann marriage had been difficult for years. He did not enjoy bar social life and she was contemptuous of his creation of James Bond; their lives had moved apart and his final years do not sound happy. The interest here is to signal various items missing from Pearson which may one day figure in another biography. The emphasis lies on the war years with Naval Intelligence.

For example, there was a Polish woman friend called Christine Granville, a brave and distinguished Second War spy, later murdered, who may have been "Vesper Lynd" in *Casino Royale*. There was also an important German woman friend called Vanessa Hoffman with a mysterious role inside Nazi Germany who seems to have vanished without trace.

17F: THE LIFE OF IAN FLEMING
by Donald McCormick
Peter Owen £18.50, 232 pages

Similarly, we did not know that in the war Fleming was once involved with Aleister Crowley in astrological and occult ceremonies which eventually may have influenced Rudolf Hess's flight to Scotland. More, please.

It also seems to be suggested that Fleming's Establishment of the "Mercury" news service for the Kemsley papers in the 1940s, in particular for the *Sunday Times*, had links with British Intelligence: in view of the stick the *Observer* was later to take for its hiring of Philby, the subject has more than curiosity value.

We could do with another life of Fleming, not because he invented James Bond but because he was an interesting Establishment figure. The fact that Bond became a bore – as his creator understood better than anyone – does not deny that.

J.D.F. Jones

Check up on your genes

IF ALL the people in the world were boiled down into a soup, Steve Jones tells us, they would just about fill Lake Windermere. The interesting thing is that the genetic diversity discernible in such a soup would be very small: all humans are closely related because their evolution is such a recent event.

Seen through the lens of genetic science, humankind's nature and history appear fascinating, extraordinary, and sometimes terrifying. The lens is focused for us by Steve Jones, Professor of Genetics at University College London. He demonstrated his remarkable gifts as a communicator in the Reith Lectures of 1991, from which this book stems. In literate and highly readable style he explains genetics and uses it to take us on a tour of human existence.

One of Jones's aims is to rescue genetics from its doubtful past, when Nazis and others sought to pervert it into eugenics. A second aim is to suggest what can and cannot be expected from genetics, especially in its medical applications. But his chief aim is to demonstrate genetics in action as an instrument of self-knowledge, revealing "an extraordinary picture of what we are, what we were, and what we may become."

Jones works at University College's Galton Laboratory, named after the eccentric polymath Francis Galton, whose interests were amazingly diverse: they included an attempt to measure the size of African women's buttocks from a distance by means of "a sextant and the principles of surveying". Galton was the first theorist of human eugenics, whose aim, he announced, was "to check the birth rate of the Unfit and to improve the race by furthering the productivity of the fit." His ideas, together with those of Charles Darwin, had a powerful effect on the 19th and 20th centuries, with appalling consequences as we too well know. But the science of genetics, Jones says, despite having the shadow of eugenics still lying across it, has at last come of age.

Genetics is the investigation of how individuals inherit physical and behavioural traits from their ancestors. Central to this enquiry is the concept of the gene, the basic unit of heredity. A gene is a packet of chemical information consisting of DNA. The collection of all such packets in an individual is called his "genome"; the data it contains is equivalent in amount to a billion-page telephone directory. Geneticists are close to being able to "read" the entire genome, and when they can they will not only know which ancestors gave us our coloration, height and other characteristics, but they will be able to tell us something of our fate also (for example, what diseases we are prone to suffer).

THE LANGUAGE OF THE GENES
by Steve Jones
HarperCollins £16.99, 251 pages

Jones shows that genetics has already taught us much. After explaining the nature and functioning of genes, and how our genetic past lingers in our present, he takes us through an unfolding series of topics, a chapter on each. They include human evolutionary history; the development of language, agriculture and urbanisation; the effects of disease; the question of race; the promise and danger of genetic engineering; and the genetic prospects for humanity's future. Each is utterly absorbing.

Take the problem of disease, the "unremitting enemy" as Jones calls it. It is one of the most potent agents for genetic change. Plagues come – the Black Death, AIDS – and go when immunity develops; but sometimes at a high cost, as with sickle-cell anaemia, prevalent among Africans whose red blood cells mutated to resist malaria. Some diseases had to wait until populations grew sufficiently large; measles, for example, needs a base of half a million people to survive. New strains of some diseases periodically migrate to humans from animals; novel strains of Asiatic flu start with ducks on Chinese farms and reach people via pigs every few years.

One surprising lesson Jones teaches is that the evolution of agriculture seems to have been, at best, a mixed blessing. Before it happened people had a much more diverse diet and lived in healthier places. With agriculture came private property and taxes. Hunter-gatherers have it easier than farmers and urbanites; bushmen spend only 15 hours a week getting sustenance for their families, much less than half the time spent by agricultural and industrial workers. God's remark to Adam about eating his bread in the sweat of his brow seems prescient.

Jones performs a useful service in demolishing myths about race. Humans share 98 per cent of their genes with their closest ape relatives. But all humans are genetically closer to one another than are, for example, orangutans living on neighbouring islands. Human differences in eye shape, hair type and skin pigment are strictly superficial. "I have always felt a certain compassion," Jones drily remarks, "for those whose ability to despise their fellow men is limited by the colour of their victim's skin."

But it is humanity's newly-acquired control over its genetic destiny which makes us mistrust the future. Scientists dislike prognostication, but Jones bravely asks: how will our genetic destiny be affected by our increased knowledge, our younger reproductive ages, our dramatically increased "outbreeding" or population mixing, our ageing populations, our pollution problems, and much besides? As you would expect, his answers are both fascinating and startling.

A.C. Grayling

BOOKS AND ARTS

Fiction / **Alannah Hopkin**

A Mexican masterpiece

TO MAKE Mexican hot chocolate properly the water must be on the verge of boiling over, a state that Tita, the heroine of this extraordinary novel, all too often finds herself in. She is the youngest daughter of a prosperous ranching family on the Mexican side of the border during the Revolution.

There was a popular literary tradition in 19th century Mexico summed up by one authority as "novels of customs, crimes and borrors" which were sold in monthly instalment.

Laura Esquivel has cleverly married this predominantly masculine phenomenon with its feminine counterpart, the woman's magazine, to produce in *Like Water For Hot Chocolate* "a Novel in Monthly Instalments with Recipes, Romances and Home Remedies".

Where a more conventional writer would concentrate on the exploits of Pancho Villa's men, here their activities are only incidental to the dramas that take place in Tita's kitchen as she performs heroic feats of cookery with elaborate pre-Hispanic recipes.

Mama Elena insists that as the youngest daughter Tita must remain unmarried in order to look after her in her old age. Pedro, the man she loves, marries her sister in order to stay near Tita, which only adds to the complications.

Tita's strong passions have a way of affecting her cooking, and after a particularly aphrodisiac dish of quail in rose petal sauce, her unmarried sister Gertrudis, running naked through a field, is carried off by one of Villa's men.

The recipes will delight armchair cooks with their detail and authenticity: "The quail must be dry-plucked because putting them in boiling water affects their flavour." The same calm friendly tone is used to describe the chaotic and often erotic events that accompany the cooking. In its modest way this is a comic masterpiece.

There is good rustic cuisine of a more familiar sort in Françoise Sagan's *Evasion*, a spirited piece of wartime nostalgia published in France in 1991 as *Les Faux-Fuyants*. Four Parisian socialites are trying to reach Lisbon and thence New York in June 1940.

Their Chenard-Walcker is machine gunned by Stukas and they are rescued by a "yokel" in a cart and taken to his family's farm somewhere in the Beaune – "Cro-magnon territory" as Diana, the older woman calls it on first sight.

There is plenty of comedy in the encounter between the peasant family and their uninvited guests: a middle-aged homosexual diplomat, Loïc Lhermitte, a busy society woman, Diane, 27-year-old Luce, whose husband is waiting in Lisbon, and the gigolo Bruno, but it is not entirely predictable.

Because the yokel, Maurice, has been injured in their rescue Loïc agrees to help his widowed mother to get the harvest in, partly because he discovers that he loves driving the combine harvester.

Bruno goes off on foot in a sulk and collapses with sunstroke only to be woken by an amorous (male) half-wit. Luce and Maurice take a tumble in the hay, and Diane, who has never even seen a raw courgette, strikes up a genuine friendship with the earthy widow, Arlette.

Much of the humour lies in the incongruity of it all, Luce and Diane wandering around the filthy farm in their beach pyjamas, Diane arranging the placement of the harvest lunch as Arlette kills the chickens.

There is also some very funny dialogue, chiefly between Diane and Loïc, who have the maturity to see that they cannot actually learn something from their hosts.

There is something very different about French social comedy – the dryness of the wit, perhaps – which makes this highly enjoyable in spite of an unaccomplished translation.

Dominick Dunne is presented as "America's foremost chronicler of society life". Like the narrator of *A Season In Purgatory*, Harrison Burns, he has a special interest in failures of justice.

Harrison Burns was a school friend of Constant Bradley, the brightest hope of a fabulously wealthy and powerful Irish Catholic family. Constant is destined for the White House, and nothing is going to stand in his way, not even his unfortunate tendency to beat up women.

Harrison has not seen Constant for nearly 20 years, since he helped to conceal Constant's responsibility for the death of a 25-year-old girl, bludgeoned by a baseball bat. A series of new encounters with the Bradleys convince him that he can no longer keep silent, and Constant is finally charged with the murder.

Dunne writes intelligently, and organises his material superbly. His details of life at the top are absolutely spot on, but I was not convinced that he has really got hold of what his kind call the down-side. There is, for example, nothing in his story even half way as shocking as the real events of Chappaquiddick.

LIKE WATER FOR HOT CHOCOLATE
by Laura Esquivel
Doubleday £13.99, 220 pages

EVASION
by Françoise Sagan
Severn House £13.99, 201 pages

A SEASON IN PURGATORY
by Dominick Dunne
Bantam Press £14.99, 377 pages


Vanessa Redgrave as Lynn Forster: scope for her talent for playing strong, wronged women

Redgrave's return

AFTER 15 years' absence, Vanessa Redgrave returns to the Royal Exchange Theatre, Manchester, in *Maybe*, a play about the McCarthy trials in America during the 1950s. It makes sporadically good drama, although the play has still to find its focus.

Maybe tells two entwined stories of 1950s left-wing America. First of James (John Bennett), a third generation immigrant academic writing a biography about his film-director father Alan (also John Bennett). Second of Barbara (Margaret Robertson), a Polish émigré who reveals the past by telling of her friendship with him. Between them, his lover Lynn (Vanessa Redgrave), daughter of a mutual friend to Barbara and Alan, mediates past and present by acting out the memories of her mother, Patricia (also Vanessa Redgrave).

This complicated situation appears clear enough on stage, with clever cutting between the 1980s and the 1990s, and good acting to differentiate between present and past. The characters stick to their cultural stereotypes. So Jewish left-wing represented by Alan and Barbara, meets old Boston in Patricia to forge an uneasy trio summoned before the Committee for Un-American Activities in 1952.

Most creeds are right in what they affirm and wrong in what they deny. The Truman doctrine in the 1940s and McCarthyism in the 1950s failed to account for the changing state of things in Europe. The position for anti-fascists in the 1930s was untenable: to be anti-communist as well was to give succour to Hitler by attacking Stalin. But *Maybe*

Andrew St George on a sporadically good drama which has to find its focus

never shows, even in its fine trial scene, just what was at stake during that period. After all, 40 years ago, Julius and Ethel Rosenburg were executed at Sing Sing, New York, for passing atomic secrets to the Soviet Union, then indirectly at war with the US in Korea.

What emerges from the tangle on stage is part political history and part psychotherapy. James/Alan figures out who he is in writing the biography; Barbara confesses that she named names at the Committee hearing; and Lynn/Patricia unites the traumas of the past with the demands of the present. But the dialogue lacks subtlety: "Were you really a communist in the 30s?" "Who wasn't, in those days?" The programme records that Redgrave suggested the idea to writer Mikhail Shatrov and adapter Keith Reddin. It makes a good vehicle for the parts which give scope to her talent.

Although Redgrave is not at her best in this difficult part, her acting is so strong that she draws fine performances from Robertson and Bennett. She argues so well on stage, twitching at a cardigan, tugging at the hair; that those opposite her, including Melanie Thaw as an errant daughter, respond to the strength and energy. Robertson and Bennett move easily into the flashback scenes, reeling back the years.

Braham Murray's direction differentiates nicely between times, but leaves the actors looking uncertain over detail and props. Rehearsal should cure that. The patrician interior set blends Bostonian plainness and grandeur such that the drawing room easily transforms to the committee room. But Senator Joseph McCarthy, even in one of the drinking bouts which eventually killed him in 1957, could not have imagined the dissolution of the Soviet Union so quickly. History makes fools of us all.

Screen / **Christopher Dunkley**

A compelling Prize

IT IS one thing to write a best-selling book called *The Prize: The Epic Quest For Oil, Money and Power* detailing the personalities, history and geopolitics of the world's largest industry, as Daniel Yergin did last year (it won a Pulitzer prize) and quite another to turn such a book into eight hours of gripping television documentary.

The power of a book lies in its words, and the supply of words is free and limitless. Television has to have pictures and those pictures can prove hard to find when the story begins as long ago as the 1850s and extends into such crevices of history as the Japanese scheme to produce aviation fuel from pine roots, or Marcus Samuel's ability to run 14 oil tankers out of an office with two chairs, two clerks, and a small map of the world. Yet somehow *The Prize*, which begins on BBC2 at 9pm tomorrow evening, manages to put it all on screen.

Not that there is anything particularly unusual about the technique which, even today, is probably best exemplified by the Thames Television series *The World At War*: extracts from archives, supplemented by still photographs, are combined with new interviews from people with long memories, and in the case of *The Prize* frequent up-summers from Yergin. Then the parts are sewn together with a powerful spoken script. The American version, which was available for preview, is narrated by the admirably unintrusive Donald Sutherland, but on BBC2 the job will be done by actor Andrew Sachs – one of the best in the business.

From a British point of view, what seems a little worrying is that this is a form where Britain once excelled, but *The World At War* appeared 20 years ago and, although we have subsequently had excellent series from Peter Pagnamenta and Brian Lapping (*All Our Working Lives* and *End Of Empire*), they were made in 1984 and 1985. The Americans, however, appear to be on a roll. Not so long ago America's tiny public service broadcasting outfit, PBS, produced *The Civil War*, a magnificent example of the classical documentary, and now here they are with *The Prize*. British programme makers must look to their laurels.

The series begins with the discovery that "rock oil" could supply cheaper fuel for oil lamps than whale oil, and proceeds via the history of Standard Oil, Royal Dutch, Shell and BP to the two world wars, the rise of the motor car, the Middle East wars and the development of OPEC. It ends by looking to the future, when environmental considerations may become even more powerful than the multinational oil companies.

There are moments when you are reminded of schools programmes, and times when more information would be welcome, but they are rare. Most of the time this series is as engrossing as *Dallas*.

Produced by William Cran, it uses a different director for each of the eight programmes, which are broadly chronological, and each is – pleasingly – slightly different in form. Tomorrow's opening episode is built around two fascinating people: John D. Rockefeller, one of those ruthless Christians who would do anything, often destroying people's livelihoods, in order to make money, much of which he then gave to charity; and Ida Tarbell, whose father was one of those damaged by Rockefeller and who became one of America's earliest investigative journalists, writing the articles which eventually smashed Rockefeller's Standard Oil to pieces.

Larger-than-life individuals are also at the centre of next week's episode, but the structure is necessarily different because more people have become involved. There are the Nobel brothers, known to most of us for dynamite and prizes, who developed the Russian oil industry; Marcus Samuel, Lord Mayor of London, whose family firm imported shells to make boxes for Victorian ladies and who named the world's first tanker fleet "Cowrie", "Murex" and so on, and the Shell company itself; Henri Deterding, whose Royal Dutch company combined with Shell; and Winston Churchill, who set in train a momentous sequence of events when, as First Lord of the Admiralty, he persuaded the British government to buy 51 per cent of Anglo-Persian, later BP.

When you think about it there is no other product, not coal, nor steel, nor cotton, and no other business, not even the food industry, which has had such profound and universal effects on life on this planet as has oil. That alone does not make a good documentary series, of course, but since *The Prize* happens to be an outstanding piece of work it does make for compelling viewing.

Radio

Lady Chatterley's trial

ON MONDAY, to go with the television addicts' *Lady Chatterley*, Radio 4 repeated the transcript of the trial of Penguin Books for publishing the book. It was alleged to be liable to "deprave and corrupt". The script was compiled by Jack Emery, presented by Helena Kennedy and directed by John Theocaris; the legal and literary experts were played by actors. The verdict of Not Guilty was momentous; but the trial seems less interesting today than it did then.

It was a simple case. For the defence, Gerald Gardiner QC (Frederick Treeves) called nearly 20 witnesses, who between them agreed that the book was of literary merit and profound social advantage. Words like "sacred" and "holy" were used. No subtleties arose about the value of the different manuscript versions, now being discussed in connection with television.

For the prosecution, Mervyn Griffith-Jones QC (John Shrapnel) called no witnesses at all, simply drawing attention to the passages describing what he reckoned was indecent behaviour. The jury, nine mature men and three mature women, found that Penguin had committed no offence.

Sunday evening brought another repeat on Radio 4, Paul Schlesinger's *Falstaff – A Voyage Round His Belly*, last heard on Christmas Day, when we were possibly busy watching something less intellectual.

It is not a voyage of discovery, only of appreciation. Everyone taking part knows Falstaff like a neighbour and has only to point out some specific quality. It was grand to hear some of the lines spoken by Donald Sinden, who has not, so far, played it on stage; his encomium on "good Sherris sack" sent me straight to the pub.

Falstaff can take on various guises – the ambitious courtier, the useless braggart and dishonest soldier, the old man in Shallow's garden, rejected suitor, the helpless invalid we hear of but do not see. He is no clown, simply the spirit of fun, yet always consistent – even in Boito's lines for Verdi. I suspect he is the most immortal of all Shakespeare's people, more universal than Hamlet, even. That wise old critic Kenneth Tynan specified one attribute – always he was "first a gentleman." A most enjoyable programme.

The Sunday Play on Radio 3 was Michael Wright's *Mrs Klein*, with three characters, all women psychiatrists – Melanie Klein (Sarah Kestelman), her daughter Melita (Juliet Stevenson), and Paula (Deborah Findlay), Melanie's stand-in. They all have dreams, and are as ready to talk about these as the real events of their lives. Melanie's son, Hans, has been killed climbing, perhaps intentionally. There is much mutual dispute and earnest psychotalk. Even with such able playing, I could not arouse much interest. The author directed.

"You smell, madam," said the precise Dr Johnson, "I stink." Radio 4's *The Joy of Smelling* (Wednesday, first of three) told us how the lady might stink – of lavender for example, but also how we should smell her. Tiny particles carry different scents; they are of varying size and shape, and are absorbed only where they fit, so separating the assorted niffs. Naturally, we end up with a special part of the brain.

Michael Collie and Dr George Dodd, who told us all this, had other, less pleasing, things to say. We smell – I mean stink – of what we eat, which for the average Britain means meaty, cheesy, sweaty odours that other peoples, with different diets, may find horrid – although they will no doubt have problems of their own.

Dealers in such items as tea, coffee and especially wine, must keep their smelling keen, and can practise in places such as the London Underground. We shall never know, unless someone tells us, if we have bad breath; the brain gets used to it.

While we are on the senses, on Monday Radio 4 will give us *Questions of Taste*, but this is not scientific, just a culinary quiz.

B A Young

A rave for wrinklies

GLASTONBURY demands a strong constitution. Three days at the Festival and the holes in the ground and claustrophobic cubicles that pass as toilet facilities are filling fast. Then there is the litter: by Saturday you have to breast-stroke though the rubbish on the 400-acre site. You can never win with the weather, either. Ten minutes of rain and the place turns into a swamp. If it is sunny, 15-mile queues form at standpipes and you can hear the flesh sizzling – as you could this year.

And when it is all over, and you are sitting in your vehicle for an hour waiting to get out of the car park, wondering if any household solvent will get the grunge off your body, your last thought is that you will never go back. But summer passes, autumn turns to winter, and you find yourself asking when the festival is on again.

For Glastonbury is not just a rock or pop festival. It is not populated solely by unemployed teenagers, drug addicts, hippies, "New Age" travellers or students. Parents with babies and small children were much in abundance this year. There were plenty of oldies – by any criterion – too.

If you want to come and just listen to pop bands playing on the main stage – modelled on Cairo's Great Pyramid of Cheops – then that is one option. But hundreds, indeed thousands, of other attractions compete. There are jazz, acoustic and world music stages. There is a circus field. Outdoor and indoor cinemas play the latest releases. A theatre field has a crop of stand-up comics, puppet shows and mime artists. There are the "Green" fields as a focus for healing, tranquility and the mystical fringes of life. And then there are stalls selling hamburgers, festival T-shirts, Tibetan hats, three-course meals served on white linen...

The increasing average age of the festival-goer is catered for by a host of less tiring, or less noisy, activities. Even on the main stage the acts are getting older. Almost first off on the first day was the 63-year-old Australian Rolf Harris – who acknowledged that the crowd were laughing as much at him as with him. Also well on the way to complimentary public transport were The Kinks, The Velvet Underground, Van Morrison, Donovan and Robert Plant.

This might be a reflection that Glastonbury is Europe's largest, and probably oldest festival. There have been 14 such gatherings since the first in 1970 – and apart from 1991, one every year since 1979. It is clear that some of the earliest visitors are returning with their brood. Of course you may think that most of the performers, traders and mystics are a match for the rubbish around you. But you keep being reminded that there are many ways to make a living – and those of whom you disapprove will happily show you what makes them tick. That is what makes the festival special. So many people come with such varied aims that the average tripper, with steady job and mortgage, cannot fail to be enthralled.

Some 80,000 tickets at £58 were sold. Add to that the traders, gatecrashers, freeloaders and security staff and a total attendance of at least 100,000 is reached. From that almost 200 arrests were made, of which the police say most were drug-related. But, as Chief Inspector Barry Williams points out: "100,000 people compares with the size of a small town." To the security guards, the festival is just another day at work, just another concert. But one hundred thousand burned and burnt-out fun seekers think that it is very, very special.

Adrian Michaels

Souvenirs of the Grand Tour

***Patricia Morison** reviews an exhibition of Mengs' work for his British patrons*

LIFE MUST have been wonderful for the young 18th-century English nobleman on his Grand Tour. All the pleasures of Italy, sensual, artistic, social and intellectual, were his for the taking. These were wonderful, unrepeatable years and so, looking for a permanent reminder, the rich milord sat for his portrait. If in Rome his choice lay between two enormously famous artists. Was it to be Pompeo Batoni at the Via Boca di Leone, or his deadly rival at the foot of the Spanish Steps, Anton Raphael Mengs?

Anton Raphael Mengs and his British Patrons at Kenwood House is a follow-up to the Batoni exhibition of a decade ago. And yet, whether it can rescue Mengs's reputation as Batoni's has been, I rather doubt. Batoni was a theatrical painter, whose sitters are stylish creatures who dispose themselves elegantly against a background of the sacred ruins of Rome.

Mengs was ever the phlegmatic German. He appealed to rather solemn, intellectual patrons who were undeterred by the German's farouche manners – he insisted on singing and whistling as he painted Pope Clement XIII. Like many an ambitious artist of the day (Ramsay, Piranesi, Robert Adam, Reynolds, to name but a few), he published a treatise on how modern art was to save itself. He was diligent in his study of antique art, partly because this was what his patrons expected. Above all, however, he doggedly emulated those artists be admired; Correggio, Guido Reni, Van Dyck, and of course, his namesake, Raphael.

Mengs was an infant prodigy, pushed by his father who was court painter at Dresden. This exhibition is too incomplete to give a full account of his work, since several of the most important paintings in British collections are too large or fragile to travel. Moreover, Mengs's huge reputation in the eyes of fellow artists was due above all to the frescoes he painted in Rome and as court painter in Madrid. Even so, there is quite enough in the exhibition to show that here was an artist whose talent was stifled by his own fascination with his great models.

There was calculation as well as conviction in the models Mengs chose. The dealer and fellow-artist Thomas Jenkins advised him that few English lords and ladies could resist the chance to dress in Van Dyck *costumes, such as* we see in portraits of the Marquess of Londonderry and Lord Brudenell. An attractive half-length portrait of the latter in Van Dyck lace colour and wrap-around cloak may be by Mengs, or it could be a rare work by Jenkins himself.

It makes an interesting contrast with the grandest portrait in the exhibition, also of Brudenell, whose Grand Tour lasted over a decade. The nobleman is seated in his study, beneath a bust of Cicero, open book in his hand, every inch the student. And yet, the dog at his side and the glimpse of parkland beyond hints at the pleasures available to the man of property.

For once, Mengs attempted something truly original in his portrait of another lord steeped in his love of antiquity, in this case, of architecture. From Prague comes the "Allegorical Portrait of Lord Charlemont", a painting of 1755 which is definitely comical (Charlemont has a huge chin and Pinnochiesque nose) but well shows Mengs as the forerunner of neo-Classicism. The bare-breasted figure of Architecture is gesturing to the amateur architect that he must imitate Palladio, whose bust looms above him. And yet, inevitably, he must lean on the achievements of Vitruvius, on whose sarcophagus he has rested his sketch-pad.

Confrontations between two figures were a favourite compositional device of Mengs'. Had his "Noli Me Tangere" from Oxford been available for the exhibition, this point would have been still better made. As it *is*, visitors must make do with a head of Christ, which like the "Penitent Magdalene" and "St John the Baptist" shows Mengs was well able to churn out heavily sentimentalised devotional images.

However, when one looks at his dreary "Lamentation" from *St John's College Cambridge*, and his "Holy Families", it becomes clear that grouping people was the German artist's weakest point. However intensely he looked back to Raphael, the effect was woefully clumsy.

And yet, precisely because Mengs's *faults* are so evident, this is an exhibition which makes us aware of the effects for which 18th-century artists and patrons strove – to cite the present in relationship to the giants of the past. Kenwood House, where the permanent collection of the Iveagh Bequest is full of souvenirs of the Grand Tour, is an excellent venue to explore more fully the full range of art which the English went abroad to find.

Until September 11 at Kenwood House, Hampstead Lane, NW3. 081-348-1286

'Allegorical Portrait of Lord Charlemont': here Mengs attempted something truly original

London picks up the Verdi torch

***William Weaver** welcomes Covent Garden's plans to present all 28 Verdi operas*

THE confirmed Verdian, of course, especially if he has reached a certain age, already knows the entire canon: one way or another, the 28 operas have been recorded, either by big companies or by pirates. And, over recent decades, all have been performed: *Alzira* in Rome, *Oberto* in Bologna, the first version of *Macbeth* in Danville, Kentucky and other rarities at St. Pancras or in Parma. Many of these productions were pilgrimage events; and often they were, for opera-goers, genuine revelations. Some – *like I due Foscari* – proved, truly, to be neglected masterpieces; but even the most problematical, the admittedly uneven works came back to vivid life, illuminating some obscure corner of Verdi's career and – as always in the case of this composer – providing an evening of dramatic, musical excitement.

Now, somewhat surprisingly, London will become the Verdi shrine, the Mecca for those operatic pilgrims. An idea, conceived a couple of years ago by the Royal Opera's associate music director Sir Edward Downes and the then opera director of the house Paul Findlay, has been developed into a grand-scale plan: a Verdi Festival, formally announced at a press conference last week by Jeremy Isaacs, General Director of the ROH and his opera director designate Nicholas Payne. Briefly, the idea is this: to present all 28 Verdi operas, never less than four a year, between the summer of 1995 and the summer of 2001, the year that marks the centenary of the composer's death.

Not all the productions will be new, and not all will originate at Covent Garden. The first year's programme is typical: the festival will open with a revival of the *Stiffelio* production introduced this year; the second offering will be a co-production with Scottish Opera of *I due Foscari*, which will be given first in Scotland; then there will be *La traviata* in a new staging planned for November 1994, to be conducted (for the first time) by Sir George Solti; and – another revival, *Simon Boccanegra*, conducted by Bernard Haitink.

But this is not the whole story, for the Festival will include a number of complementary events; and in this inaugural season the directors have scheduled, at the South Bank Centre, two concert performances of *Aroldo* (Verdi's later reworking of *Stiffelio*) and two also of the first, 1857 version of *Boccanegra*, affording an exciting confrontation with the familiar 1881 version that will be given in the opera house. An international committee of more than a dozen Verdi experts, including Julian Budden, Andrew Porter, Charles Osborne and myself, meeting in London last week *for the third time*, discussed other supporting projects: publications, study days, exhibits, staged readings of some of the works that inspired the operas (like Byron's closet drama *The Two Foscari*), performances of significant non-operatic works, notably the composite Requiem for Rossini which Verdi proposed and to which he contributed (it has never been heard live in Britain).

Verdi's three Parisian operas – *Jerusalem* (a drastic 1847 reworking of the earlier *I lombardi* of 1843) – will be given in successive years, in French, mounted by the Théâtre Châtelet, Paris; in each case, the festival hopes to include the rarely-performed ballet music. Other Verdi ballet music (for the French version of *Il trovatore*, for example) will probably be heard in concert performance. Nicholas Kenyon and Clive Bennett of the BBC have assured support.

Nicholas Payne confessed relief at the favourable reactions to last week announcement, having feared that critics of the Royal Opera House might seize this opportunity to accuse the management of delusions of grandeur and, worse, delusions of wealth. Actually, along with the artistic planning, the theatre's staff has been thoroughly exploring matters of sponsorship and marketing. Verdi, of course, sells well; and even the less familiar operas will be presented with star singers (José Carreras and Placido Domingo will alternate in *Stiffelio*; the much-praised young tenor Roberto Alagna will repeat here the Alfredo that won him cheers in La Scala's *Traviata*. Catherine Malfitano, June Anderson, and Carol Vaness are already signed up for the first year.

For years Verdians have lamented the fact that in all the world there is no festival uniquely devoted to their composer; in Italy, the authorities of Parma, capital of Verdi's native region, have long been discussing – and quarreling about – the establishment of a "Verdi Bayreuth" in their city. Projects have been announced, initiated, aborted, abandoned. And, though Parma is one of Italy's richest and most cultivated cities, funds and imagination have always been lacking. Now London has boldly picked up the torch and is running with it. In two years' time, the capital can expect, no doubt, an unusually large influx of Italian summer visitors; many of them will speak with a Parma accent. As Verdi did.

Don Juan opens Avignon

THE 47th Avignon Festival opens on Friday with a performance of Molière's *Don Juan* in the Cours d'Honneur of the Papal Palace, a co-production with the Comédie-Française to be directed by Jacques Lassalle.

This represents a welcome return by the Festival to square one. *Don Juan* was the piece most frequently given at Avignon by the Théâtre National Populaire when the Festival began after the war under Jean Vilar. Before the Festival expanded to unmanageable proportions, *Don Juan* was performed 233 times. When asked why he played it so frequently, Vilar replied that of all Molière's plays this one was "the most contemporary, the closest to our attitudes, our anxieties, our beliefs, our outlook. Don Juan is a modern hero..."

And that, we are told, is exactly the note that will be struck in this new production. Contemporaneity, says Bernard Faivre d'Arcier, will be the keynote of this year's Festival programme as a whole. It runs from July 9 to August 2 and the majority of the plays will be works of the 20th century: with an underlying Slavic flavour. They include Mikhail Bulgakov's *Adam and Eve*, written for but never performed by the Moscow Arts Theatre, *Chvéiak au Terminus du Monde*, derived by Wladyslaw Znorko as a new ending to the career of *The Good Soldier Schweik*, *La Poule d'Eau* by Stanislaw Witiewicz, *Pan Théodor Mundstock* adapted by Bruno Boeglin from the novel of *Ladislav Fuks set in Prague* in 1941.

Britain is another region well represented in this year's international mix at Avignon with Edward Bond's *Maison d'Arrêt*, and Steven Berkoff's *Kvetch* given in French translation both directed by Jorge Lavelli, and Stoppard's *Rosencrantz and Guildenstern Are Dead* performed in Russian by an Israeli company.

The French novelist and poet *Louis-René des Forêts* will be honoured with readings from his work and a performance of a play made from his novel *Le Bavard*. Philippe Caubère will be presenting his *Le Roman d'un Acteur* described as "a burlesque epic in 11 episodes". Each one occupies a whole evening; this virtuosic piece relies heavily on improvisation as the hero tries to make a work of art out of his life. If this sounds like a touch of the Pirandellos there will be more of the same in a production of *Six Personnages en Quête de...* by Sophie Loucachevsky who has also devised an evening devoted to the tales of Pushkin, while *L'Homme, la Bête et la Vertu* is a less well known work of Pirandello's that will be performed. His leading French interpreter in the 1920s, the actor-director Georges Pitoëff, is the subject of this year's major exhibition.

From the same innovative period in the French theatre, the surrealist playwright, Roger Vitrac is also represented with *Les Mystère de l'Amour* in a production from Rheims. A prestigious African company, the Ensemble Kotéba from Abidjan will be seen in Leconte de Lisle's translation of *Oedipus at Colonus* with music by Olivier Dejours interpreted by Ethiopian musicians and in Souleyman Koly and William Sassine's *Funérailles Tropicales*.

This year Festival is contained within the ancient city – nothing out at Boulbon or Les Taillades – but the small festival of sacred music at Villeneuve-lez-Avignon with performances in both the Chartreuse and the Church of the Chartreuse will include recitals of work by Harrison Birtwistle, Gérard Grisey and Klaus Huber.

Anthony Curtis

Video/Nigel Andrews

Fellini on films

AT THE end of the screening of Fellini's *Intervista* at Cannes six years ago, the audience all but levitated in rapture. After that split-second silence that *follows the viewing of a masterpiece*, the cheers rang out so loud that the absent Signor F could have heard them in Rome. His film about film-making – a 50th birthday tribute to Cinecitta Studios starring all the old Fellini hands (Mastroianni, Ekberg, himself) plus helpings of comedy, *fantasy* and satire – would surely hasten straight from the Côte d'Azur to UK cinemas?

It never came to Britain at all. The old maestro or his producers asked for too much money, and the initially frantic bidders fell away as the years passed. Now *Intervista* (Western Connection) appears on cassette, the year's most distinguished video premiere and the best late Fellini after *Ginger And Fred*.

As there, Marcello Mastroianni is our radiantly rueful hero. First seen in blue topper and tails rising on a smoke-swathed movie crane outside Fellini's studio office window, he later escorts us on the film's surreal sorties beyond the Cinecitta gates: a trip to Anita Ekberg's villa plus nostalgic home screening of *La Dolce Vita* – watch for the marvellous comic punctuation of a shot of three dogs – and a tram journey through Rome's outskirts on a road terrorised by Red Indians, bordered by waterfalls and thronged with old-world peasants selling grapes. What price theme parks when you have Federico Fellini's runaway imagination?

Realism is an early casualty in this film. But what would you expect from a director whose *theme* is the punch-drunk poetry of the picture business; and whose portrait of Cinecitta itself is a delicious chaos of giant elephants, cut-out Rolls Royce cars, lipstick-shaped cannons and passionate love scenes cut short by the cry of "Stop! Lunch!"

Video distributors are pulling a mean trick this summer. While Britain's big screens groan under the weight of silly-season dross, with only *Jurassic Park* promising glitter if not gold, the nation's VCRs are being wooed with major treasures ancient and modern.

Tartan Video, the latest art-movie entrant, offers Fritz Lang's haunting silent classic *Dr Mabuse, The Gambler*, Gillo Pontecorvo's searing docu-drama *The Bottle Of Algiers* and Bergman's mid-period masterpiece *Through A Glass Darkly*. Curzon bring you Nikita Mikalkov's Venice Golden Lion-winning *Urga*, that spry East-meets-West pastoral set in Mongolia. And other July gems include a Carl Dreyer (*Vampyr*, Redemption Video), a Zhang Yimou (*Ju Dou*, ICA Projects) and a brace of Billy Wilders (*The Apartment*, Warner, and *The Fortune Cookie*, MGM/UA).

Among more recent commercial movies transferred to video, there are also riches aplenty. Pick of the month are Woody Allen's *Husbands And Wives* (20: 20), Roman Polanski's *Bitter Moon* (Columbia TriStar) and Brian DePalma's *Raising Cain* (CIC), followed by Al Pacino and Jack Lemmon chewing up the scenery in the film of David Mamet's *Glengarry Glen Ross* (20: 20).

Indeed scenery-consumption is a feature in all four films. Allen's picture of a dissolving romance – himself and Mia Farrow as the spitting, hating couple – turns life into art with a scarifying comic passion. Polanski's shipboard black comedy lets Peter Coyote loose as a sort of randy Ancient Mariner, bombarding a prim English couple with his (startlingly explicit) sexual history. And star John Lithgow has a high time as a multiple-identity psychopath in DePalma's glossy, tongue-in-cheek murder thriller: the tongue not so far in cheek that it cannot shoot forth snake-like at surprise moments to shock us.

Finally, and strictly for curio collectors, there is *JFK: The Director's Cut* (Warner). This adds 17 extra minutes to Oliver Stone's already gargantuan three-hour Kennedy epic and I am dashed if I can tell what difference they make to the thesis or the dramatic effect, except to make a long film seem even longer. When will the "director's cut" actually mean a cut?

Poetry in Performance/Michael Glover

AS IF to give geographical proof that the strengths of contemporary poetry do not necessarily emanate from the metropolitan centre, Bloodaxe Books have been launching *The New Poetry*, their anthology of the best of British and Irish verse of the past 15 years, in Glasgow, Newcastle, London and, this week, at Waterstone's, Leeds.

Fittingly, this week's readers were some of the Yorkshire poets who are represented in the book: Simon Armitage (Huddersfield), Geoff Hattersley (Wombwell), Ian McMillan (Barnsley). Maggie Hannan (Hull) and Ian Duhig (Leeds). David Morley (Sheffield), one of the book's triumvirate of editors, gave an account of its raison d'être.

The title of the book itself has been borrowed from Al Alvarez's anthology of the same name that was published in the early 1960s and helped to shape the perceptions of a whole generation of poetry readers.

Anthologies can be immensely influential in that way – they are bought in their thousands by schools, and by those who, though interested in poetry, may be disinclined to buy collections by individual poets. An anthology can provide an *aerial view* of the principal features of the terrain almost at a glance.

The Bloodaxe anthology, unlike some others, impresses by its inclusiveness and its catholicity – 55 poets in a volume of 350 pages, selected by the editors from a long short-list of 250 possible candidates.

The message of the book, presented in what must be one of the most ineptly-written and poorly-argued introductions for many a year (readers are recommended to skip it altogether: the poets themselves are a much more lively bunch) is that the idea of mainstream is no longer tenable in a country as linguistically fissiparous as Britain is today. It is not a question of English poetry any *longer but of British poetries.*

Earlier anthologists, by arguing that particular groups of poets represented a dominant trend, were guilty of marginalising all the rest. And so here they all are at last, a gloriously democratic rainbow coalition of jangling voices: young Lallans poets from north of the border, Afro-Caribbean poets from Birmingham and Glasgow, all proclaiming the triumph of cultural diversity, and helping to eradicate once and for all that notoriously exclusive Oxbridge bias... And, equally important, helping us to recognise quite how unstable language is these days: how rapidly it is changing from moment to moment, and how difficult it is therefore even to talk about a common language for poetry any more.

And is there a single figure who has helped to bring about the generational shift of the past 15 years? Who has helped to shape and define poetry's response to the world of today? Yes, argued David Morley this week. "It is Mrs Thatcher who changed the subject matter and the language of poetry," he told us.

But how? By creating a strong resistance within poets themselves, those antennae of the race, to the duplicities of governments, the lies of official language, the rubbishing of society etc, and thereby helping them to define poetry's *new freedoms from such* repression. "We inhabit a society where government can close down pits, and then not close down pits, and then close them down anyway. The world, like language itself, is full of dissociations..."

In spite of the fact that it might equally well be argued that rulers have been lying to their subjects since the dawn of Man, the poets from Yorkshire who read from their own anthologised selections did indeed seem to confirm in part the general drift of Morley's audaciously simplistic argument, and none than Ian McMillan from Barnsley, whose sense of the bizarre and the ridiculous coupled with a punchy, flat-cap delivery worthy of the street-corner news vendor, made for a wonderful ten minutes of non-stop entertainment.

"Sometimes my poems are set in the real Barnsley," he began, "and other times in a Barnsley of the mind – but maybe they're the same thing." And so they were. Or, at least, so they seemed to be. "I always wanted Barnsley to be near the sea," he said of his second poem, "The Er Barnsley Seascapes", "and it can happen – in a poem..."

He paused. "And there were, er, something else as well," he said. "The word 'er' never gets into, er, poetry, but people are saying it all the time – so I thought I'd, er, get it in." And so it got in – and unlucky, landlocked Barnsley, flying on the wings of McMillan's anarchic humour, got to the sea.

And that is perhaps one way in which the new poetry is trying to define its new freedoms. Ian Duhig, another reader, put it slightly differently: "Poetry allows you to do what you like. Of a novel, you can say: life's not like that. Well, *I* am..."

But does not the New Poetry, by these lights, sound a bit like the Old Dada writ large? Baroness Thatcher seems to have made the world such a confusing place to live and write in.

The New Poetry edited by Michael Hulse, David Kennedy, and David Morley. 352 pages. Bloodaxe Books. £7.95

CHESS No 981:
6 Qe2! Resigns. If d5 7 d3 or 6...Qe7 7 Nd5 Qd8(Qe6? 8 Nxc7+) 8 d3 c6 9 dxe4 wins a piece.

The Official London Theatre Guide

Supplied by The Society of West End Theatre

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Phone numbers in brackets: A fee will be charged when making a credit card telephone booking. No charge for postal booking or personal callers. † = Registered Charity

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TELEVISION

SATURDAY

BBC1

7.00 Ceefax Pages. 7.25 News. 7.30 Pinocchio. 7.50 The All-New Popeye Show. 8.10 The Girl from Tomorrow.

8.35 Potsworth and Co.
9.00 Parallel 9.
10.52 Weather.
10.55 Grandstand. Introduced from Wimbledon by Desmond Lynam. Including 11.00 Cricket: Third Test. England v Australia from Trent Bridge. England continue its uphill struggle to win The Ashes from Australia. 1.00 News. 1.05 Tennis: Preview of the women's singles final. 2.00 Wimbledon '93: Live action from the 100th women's singles final at the All-England Club, as Steffi Graf takes on the surprise finalist Jana Novotna for the famous silver salver. Also other Wimbledon news and an update on the cricket action at Trent Bridge. Times may vary.
5.15 News.
5.25 Regional News and Sport.
5.30 Cartoon Triple Bill.
5.55 Jim'll Fix It. A seven-year-old from Liverpool meets snooker star Jimmy White, and a Bristol teenager's dream comes true when the Apollo Male Voice Choir sings for her.
6.30 The Main Event. The Carringtons of Leicester v the Coles from Gwent. Celebrities helping the families are Eamonn Holmes, Carol Smillie, Matthew Collins, Francis Wilson, Sian Lloyd and Fred Talbot.
7.20 Open All Hours. Arkwright buys an unruly guard dog after his shop is burgled. Comedy, starring Ronnie Barker.
7.50 Birds of a Feather. Comedy, starring Lesley Joseph and Pauline Quirke.
8.20 The House of Eliott. An assignment to make costumes for a ballet arouses Jack's jealousy when it seems Beatrice is getting too closely involved with the company's choreographer. Tilly prepares for her wedding. Drama, starring Stella Gonet, Louise Lombard and Aden Gillett.
9.15 That's Life! Last in series.
9.55 News and Sport; Weather.
10.15 Today at Wimbledon. Sue Barker and Harry Carpenter interview the winner of the women's final and present highlights of the match.
11.15 Cricket: Third Test. England v Australia. Highlights.
11.55 Film: The Return of Captain Invincible. Musical spoof, starring Alan Arkin and Christopher Lee (1983).
1.25 Weather.
1.30 Close.

BBC2

7.05 Open University.

3.00 Wimbledon '93 and Cricket. Wimbledon '93: Live action from the women's singles final at the All-England Club as the remaining two players compete for the sport's most prestigious prize. Last year, Steffi Graf claimed her fourth singles title against main rival Monica Seles - will the reigning champion clinch a fifth? Commentary by Virginia Wade, Ann Jones and John Barrett. Cricket: Third Test. Coverage of England v Australia in the third day's play from Trent Bridge. At Lord's, Graham Gooch's team were outclassed by the Australian batsmen, who seemed to be able to score almost at will against a beleaguered English bowling attack, which was decidedly lacking in imagination. Subsequent programmes may run late.
8.30 News and Sport; Weather.
8.45 Scrutiny. The work of Parliament's Select Committees.
9.15 The Face of Tutankhamun. Professor Christopher Frayling details the conflict between the Egyptian authorities and British archaeologists for custody of the boy king's riches which followed the opening of the Tutankhamun tomb, and the mysterious death of Lord Carnarvon, who sponsored the project. The programme features archive footage showing the clearing of the tomb, film shot on location in the burial chamber, and rare recordings of Howard Carter's voice.
10.05 The Second Heimat: A New Generation. Edgar Reitz's magnum opus moves majestically forward. Rob and Hermann's careers take off when they enter their work in the Cannes Film Festival. Helga's political beliefs become increasingly radical, and she draws up a petition protesting against the Vietnam War and America's use of napalm. But her campaign meets with a mixed response and looks unlikely to succeed. (English subtitles).
12.05 Film: The Friends of Eddie Coyle. Bleak, realistic adaptation of a George Higgins crime thriller set in the Boston underworld, starring Robert Mitchum. (1973).
1.45 Close.

LWT

6.00 GMTV. 9.25 Rugby: the decisive third Test against the All Blacks from Auckland rebroadcast for those who did not watch it live in the small hours. 11.30 The ITV Chart Show. 12.30 pm Movies, Movies, Movies.

1.00 ITN News; Weather.
1.05 London Today; Weather.
1.10 The A-Team.
2.00 Film: Hans Christian Andersen. Musical, starring Danny Kaye as the children's story-teller who falls for a beautiful ballerina. Glossy, romanticised life story redeemed by Frank Loesser score which includes "Inchworm" and "Ugly Duckling". With Zizi Jeanmaire (1952).
4.05 WCW Worldwide Wrestling. Action with the American giants.
4.45 ITN News; Weather.
5.00 London Today; Weather.
5.10 MacGyver. The adventurer accompanies a long-time friend visiting her family's mysterious old house.
6.00 Beadle's About.
6.30 The Best of Tommy Cooper. Highlights from a celebrated comic career.
7.00 Stars in Their Eyes. Matthew Kelly introduces five hopeful contestants.
7.30 Conley: Outside Chance. Sitcom, starring Brian Conley as a petty criminal determined to go straight when released from prison.
8.00 The Bill. Insp Monroe faces a crisis when armed villains raid a supermarket.
8.35 London's Burning. Josie proves her worth when disaster threatens to sour her promotion. New recruit Colin Parrish continues to be the butt of practical jokes at Black Wall. Second series of the firefighting drama.
9.35 ITN News; Weather.
9.55 London Weather.
10.00 Film: Fatal Attraction. Uncut version of the violent morality tale, starring Michael Douglas as a lawyer who embarks on an affair with business associate Glenn Close. With Ann Archer and Fred Gwynne (1987).
12.10 The Good Sex Guide.
12.40 Film: Carry On Dick. Highwayman Sid James poses as a mild-mannered vicar. Bawdy comedy, with Bernard Bresslaw and Kenneth Williams (1974); ITN News Headlines.
2.20 The Big E.
3.15 Get Stuffed; ITN News Headlines.
3.20 Night Heat.
4.25 BPM.; Night Shift.

CHANNEL4

6.00 Early Morning. 10.00 Trans World Sport. 11.00 Gaelic Games. 12.00 Sign On. 12.30 pm Kasak. (English subtitles).

1.00 Film: Hellcats of the Navy. A submarine commander clashes with his subordinate during a mission against the Japanese. Ronald Reagan and Nancy Davis (later Reagan) star, their only screen appearance together. With Arthur Franz and Robert Leslie (1957).
2.30 Racing from Sandown. Coverage of the 2.45 Commonwealth Stakes Handicap, 3.20 Advanced Micro Devices Sprint Stakes, 4.05 Coral-Eclipse Stakes, and the 4.40 Sandown Stakes Handicap. Introduced by Brough Scott.
5.05 Brookside.
6.30 Just One of Those Days. Documentary following three brothers - the sons of late racing star Patrick Lindsay - as they compete in a vintage car race at Silverstone in their father's honour. The brothers have failed to win four times - will they succeed in this attempt?
7.00 The World This Week. New series. Sheena McDonald looks at international affairs; News Summary.
8.00 Tour de France. The soap for sports fans starts its annual three-week run with a 6.8km prologue at Le Puy de Fou in the Vendée.
8.30 Brigitte Bardot: The Reluctant Goddess. Profile of the French actress who became a sex symbol in the 1950s, and who now campaigns enthusiastically for animal rights. With contributions by ex-husband and film-maker Roger Vadim, fashion designer Jean-Paul Gaultier and Bardot's biographer Tony Crawley.
9.00 Traffik. Fazal is forced to Karachi after the destruction of his lucrative poppy fields, while Helen wonders about her husband's arrest. Jack's investigation into the heroin trade becomes a personal vendetta. Award-winning drama, starring Lindsay Duncan and Bill Paterson.
10.00 Drop the Dead Donkey. Comedy, starring Jeff Rawle and Robert Duncan. Repeat.
10.30 Film: Lucky Village. Premiere. Drama about the friendship between two inmates of a mental hospital in Georgia. Starring Tim Pigott-Smith and Zurab Kipshidze (1993).(English subtitles).
12.15 Evening Shade.
12.45 The Dunera Boys.
2.30 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 1.05 Anglia News. 1.10 WCW Worldwide Wrestling. 1.50 Future Cop. (TVM 1976) 3.10 The Great Balloon Adventure. (1978) 5.00 Anglia News and Sport 5.10 Baywatch. 9.55 Anglia Weather.

BORDER: 9.25 Heidi. (1965) 11.10 Bugs Bunny. 1.05 Border News. 1.10 Rugby: The Lions Tour. 3.15 Nigel Mansell's IndyCar '93. 3.45 Out of Limits. 3.50 Superstars of Wrestling. 5.00 Border News and Weather

CENTRAL: 1.05 Central News 1.10 COPS. 1.35 Challengers Trophy. 2.30 Wheels in Sport. 3.00 The Secret Adventures of Tom Sawyer and Huck Finn. (TVM 1982) 5.00 Central News 9.55 Local Weather.

CHANNEL: 12.30 The Munsters Today. 1.05 Channel News. 1.10 Nigel Mansell's IndyCar '93. 1.40 Don't Look Now We're Being Shot At. 3.55 WCW Worldwide Wrestling. 5.00 Channel News. 5.05 Puffin's Pla(i)ce.

GRAMPIAN: 1.05 Grampian Headlines 1.10 Telefios. 1.40 Tomas Toiseach 'S A Cheraideen. 1.45 Police News. 1.50 Shane. (1953) 5.00 Grampian Headlines 5.05 Grampian News Review. 9.55 Grampian Weather.

GRANADA: 9.25 Heidi. (1965) 11.10 Bugs Bunny. 1.05 Granada News 1.10 Rugby: The Lions Tour. 3.15 Nigel Mansell's IndyCar '93. 3.45 Out of Limits. 3.50 Superstars of Wrestling. 5.00 Granada News 5.05 Baywatch.

HTV: 1.05 HTV News. 1.10 Nigel Mansell's IndyCar '93. 1.40 McCloud: Shivaree on Delancy Street. 3.35 Headline Hunters. (1968) 5.00 HTV News. 9.55 HTV Weather.

HTV Wales as HTV except: No variations.

MERIDIAN: 12.30 The Munsters Today. 1.05 Meridian News. 1.10 Nigel Mansell's IndyCar '93. 1.40 Don't Look Now We're Being Shot At. 3.55 WCW Worldwide Wrestling. 5.00 Meridian News.

SCOTTISH: 1.05 Scotland Today. 1.10 Telefios. 1.40 Animal Country. 2.10 Starting From Scratch. 2.40 Beloved Infidel. (1959) 5.00 Scotland Today 5.10 Cartoon. 6.15 The Box. 6.30 Fantastic Facts. 9.55 Scottish Weather.

TYNE TEES: 1.05 Tyne Tees News. 2.05 His Majesty O'Keefe. (1954) 3.45 Mr Magoo. 3.50 McCloud: Lady on the Run. 6.00 Tyne Tees Saturday

ULSTER: 12.30 SUS. 1.05 UTV Live News 1.10 Nigel Mansell's IndyCar '93. 1.40 Movies, Movies, Movies. 2.10 Westward Ho, the Wagons. (1956) 9.55 Wrestling. 5.00 UTV Live Early Evening News. 9.55 UTV Live News

YORKSHIRE: 1.05 Calendar News. 2.00 His Majesty O'Keefe. (1954) 3.45 Mr Magoo. 3.50 McCloud: Lady on the Run. 5.00 Calendar News.

S4C Wales as Channel 4 except:- 7.05 The Legend of White Fang. 7.30 Taith Y Llewod 1993. 9.15 The Morning Line. 10.00 Slot Sadwrn. 12.30 Trans World Sport. 1.30 Gaelic Games 1993. 6.30 The Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.15 Gemau Heb Ffiniau - Jeux Sans Frontieres. 8.30 Taith Y Llewod. 9.00 Tour De France. 9.30 Survival.

SUNDAY

BBC1

7.00 Ceefax Pages. 7.30 Wiz Bang. 7.40 Pigeon Street. 7.55 Playdays. 8.15 Breakfast with Frost. 9.15 Getting Through. 9.30 This is the Day. 10.00 See Hear! 10.30 France Panorama. 10.45 Italianissimo. 11.00 Second Chance Challenge.

12.00 Holiday Outings. Eamonn Holmes visits Germany's Black Forest.
12.10 CountryFile. The latest rural and agricultural news.
12.35 Weather for the Week Ahead.
12.40 News.
12.45 The French Grand Prix. Live coverage of the race from Magny Cours. Commentary by Murray Walker.
2.50 EastEnders.
3.50 The Flintstones Meet Rockula and Frankenstone.
4.40 Superdogs. The North East takes on the South East in events challenging canine skill, speed and obedience.
5.20 Lifeline. An appeal on behalf of the Anchor Housing Trust.
5.30 Masterchef. Chef Michel Roux and troubleshooter Sir John Harvey-Jones judge the efforts of the three finalists. Last in series.
6.10 News.
6.25 Thora on the Straight and Narrow. New series. Thora Hird examines traditional attitudes toward heaven and hell, as depicted on a turn-of-the-century religious poster. She is accompanied by the young Angel Voices Choir.
7.00 Passport To. The travel game show visits France, where two couples compete for a holiday. They take part in a variety of mental and physical events, including the Le Mans 24-Minute Race, a daring French horse-back sport, and a challenge from a top chef.
7.50 Strathblair. Scottish drama, starring Ian Carmichael, David Robb and Urbano Barberini.
8.40 As Time Goes By. Comedy, with Judi Dench, Geoffrey Palmer and Moira Brooker.
9.10 News and Weather.
9.25 Today at Wimbledon. Harry Carpenter and Sue Barker present highlights of the men's final.
10.15 Pavarotti in Central Park. The superstar tenor recorded live in New York, supported by the Boys' Choir of Harlem, and the New York Philharmonic Orchestra. Simultaneous broadcast with Radio 2.
11.30 Heart of the Matter. Joan Bakewell looks at possible reasons for the rise in juvenile crime.
12.05 Weather.
12.10 Close.

BBC2

6.40 Open University. 8.10 Teenage Mutant Hero Turtles. 9.30 Jonny Briggs. 9.50 The Movie Game. 10.15 Rugrats. 10.35 Grange Hill. 11.00 Blue Peter. 11.30 The All-New Popeye Show. 11.45 The O Zone. 12.00 Around Westminster. 12.30 pm On the Record.

1.25 Sunday Grandstand. Introduced by Desmond Lynam. Including 1.30 Wimbledon '93: The men's singles final and the mixed doubles final. Live coverage from the All-England Club as the championships reach a climax. Commentary by John Barrett, David Mercer, Barry Davies, Bill Threlfall, John Alexander, Julian Tutt, Mark Cox, Paul Hutchins, Virginia Wade and Ann Jones. Also, news of this afternoon's French Grand Prix from Magny-Cours.
8.00 The French Grand Prix. Highlights from this afternoon's race at Magny-Cours, followed by a tribute to the late James Hunt.
9.00 The Prize. New series. The history of the oil industry, which from humble beginnings in the west Pennsylvanian hills quickly became a massive concern capable of dominating global politics, making or breaking national economies, and creating huge personal fortunes.
9.55 Moviedrome. Introduced by Alex Cox.
10.00 Film: Invasion of the Body Snatchers. Remake of McCarthy era science fiction thriller. Starring Donald Sutherland, Brooke Adams, Leonard Nimoy and Jeff Goldblum with cameo appearances from Kevin McCarthy and Don Siegel the star and director of the 1956 original. (1978).
11.50 Encounters. Jack Shepherd's imaginary meeting between English romantic poet and artist William Blake, known for his mystical visions, and radical political activist Thomas Paine. Starring Mark Rylance, Bob Peck and Lesley Clare O'Neill.
12.50 Moviedrome.
12.55 Film: Romance of a Horse Thief. Jewish horsethief Eli Wallach tries to outwit Cossack captain Yul Brynner in Poland at the start of the century. (1971).
2.40 Close.

LWT

6.00 GMTV. 9.25 Heidi. 9.50 The New Adventures of Black Beauty. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Morning Worship. 12.00 Divine Inspiration! 12.30 pm Crosstalk London Weather.

1.00 ITN News; Weather.
1.10 International Rugby. South Africa v France. Highlights of the Second Test from Ellis Park in Johannesburg, plus a review of the British Lions' tour Down Under. Introduced by David Bobin.
2.00 Highway. Harry Secombe visits Ayrshire to meet local people, and listens to the Ayrshire Fiddle Orchestra and guest Kenneth McKellar singing the poetry of Robert Burns.
2.35 Film: The Best Years of Our Lives. Three war veterans as they try to pick up the pieces of their shattered lives. Powerful film which won seven Oscars including best film, best director (William Wyler) and best actor (Fredric March). It also stars Myrna Loy, Dana Andrews, Hoagy Carmichael and Teresa Wright (1946).
5.30 The $64,000 Question.
6.00 London Tonight; Weather.
6.20 ITN News; Weather.
6.30 Father Dowling Investigates. The Catholic crime-buster encounters dark figures from the villainous underworld when one of his flock suffers the results of his father's disastrous gambling career. Tom Bosley stars.
7.30 Watching.
8.00 Surprise, Surprise. Last in series.
9.00 Prime Suspect II. Final part of the police drama, starring Helen Mirren as the ambitious DCI Jane Tennison. With Colin Salmon and John Benfield. Written by Allan Cubitt.
11.00 ITN News; Weather.
11.15 London Weather.
11.20 The South Bank Show. Profile of clarinettist and bandleader Benny "King of Swing" Goodman. George Melly celebrates a career which developed from the obscurity of Chicago's Jewish ghetto to the acclaim of jazz enthusiasts worldwide. Featuring the music of Louis Armstrong and Ella Fitzgerald.
12.20 Cue the Music.
1.20 Get Stuffed; ITN News Headlines.
1.25 TXT.
2.25 Get Stuffed; ITN News Headlines.
2.30 Snooker.
4.30 Memories of 1970-1991.

CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Flipper. 10.15 The Lone Ranger. 10.45 Land of the Giants. 11.45 Little House on the Prairie. 12.40 pm A Tribute to Dennis Price.

1.15 Film: Kind Hearts and Coronets. The most marvellous of the Ealing comedies. Dennis Price plays a disinherited nobleman who plots to eliminate the eccentric relatives – all played by Alec Guinness – who stand between him and the aristocratic position he believes is rightfully his. (1949).
3.10 Missing Parents. An unruly teenager is abandoned by his parents.
3.45 Magoo Goes West. Cartoon misadventures.
3.50 Orchestra! The role of cello and double bass in classical and jazz music.
4.25 The Christians. Religious faith in the Middle Ages. Shown previously on ITV.
5.25 News Summary.
5.30 The Next Big Thing.
6.00 The Real World. Problems over food, finances and uninvited guests prompt the flatmates to hold a general meeting.
6.30 Press Gang. Lynda's love life is tested when Julie discovers Spike's old flame is involved in a scandal. Shown previously on ITV.
7.00 Sound Stuff. The career of French-Canadian music producer Daniel Lanois, best known for his work with U2, Bob Dylan, and The Neville Brothers. The film features live performances by Aaron Neville, U2 and Peter Gabriel.
8.00 Tour de France. The serious racing begins in the 80th Tour with the 215km first stage over the flat terrain from Luçon to Les Sables d'Olonne. Introduced by Phil Liggett.
8.30 Frontline. Belfast journalist Malachi O'Doherty reports on the frustration experienced by the families of people killed by the police or army in Northern Ireland.
9.00 Film: Breaking In. Burt Reynolds stars as a veteran safe-cracker. Comedy, directed by Bill Forsyth, with Sheila Kelley, Lorraine Toussaint and Albert Salmi (1989).
10.50 Camera of Courage: Homeland. The third of Juris Podnieks' award-winning films focuses on events surrounding the Latvian Song Festival for Life and Liberty.
12.15 Film: The Official Version. Drama set in Argentina, starring Norma Aleandro as a teacher disturbed by revelations of government brutality. With Hector Alterio (1985).
2.15 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 9.25 Little Jungle Boy. 10.05 Cartoon Time. 12.30 Countrywide. 12.55 Anglia News. 2.35 Lost Flight. (TVM 1969) 4.35 Highway to Heaven. 6.00 Anglia News on Sunday. 11.15 Anglia Weather.

CENTRAL: 9.25 Little Jungle Boy. 10.05 Cartoon Time. 12.30 Central News Week. 12.55 Central News. 2.35 Take 15. 2.50 Nigel Mansell's IndyCar '93. 3.30 WCW Worldwide Wrestling. 4.40 Highway to Heaven. 6.05 Road Runner. 6.15 Central News. 6.30 Murder, She Wrote. 11.15 Local Weather.

CHANNEL: 9.25 Little Jungle Boy. 10.05 Cartoon Time. 12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telemail. 2.35 The Amazing Mr Blunden. (1972) 4.15 Life Goes On. 5.15 The $64,000 Question. 5.45 Champions. 6.15 Channel News. 6.30 Murder, She Wrote.

GRAMPIAN: 9.25 Little Jungle Boy. 10.05 Cartoon Time. 12.30 [illegible]

GRANADA: 9.25 Little Jungle Boy. 10.05 Cartoon Time. 12.25 What the MPs Say. 12.55 Granada News. 2.35 [illegible] (1978) 5.35 [illegible] 6.15 [illegible] Granada News. 6.30 [illegible]

HTV: 9.25 Exile. 12.25 HTV News. 12.30 HTV Newsweek. 2.35 Meredith on Sunday. 3.05 Superstars of Wrestling. 3.50 Road Runner. 4.00 Sid Lit to Death. (TVM 1978) 5.45 The $64,000 Question. 6.15 HTV News. 11.15 HTV Weather.

HTV Wales as HTV except: 12.30 Playback. 2.35 Wales on Sunday. 11.15 HTV Wales Weather.

MERIDIAN: 9.25 Little Jungle Boy. 10.05 Cartoon Time. 12.30 Turning Point. 12.50 Meridian News. 2.35 The Amazing Mr Blunden. (1972) 4.15 Life Goes On. 5.15 The $64,000 Question. 6.15 Meridian News. 6.30 Murder, She Wrote.

SCOTTISH: 9.25 The Littlest Hobo. 9.50 Highway to Heaven. 10.45 [illegible] 90210. 11.30 Link. 11.45 [illegible] 12.25 Scotland Today. 2.00 Rock Sport. 2.15 The Munsters Today. 2.45 The A-Team. 3.40 North to Alaska. (1960) 6.00 Scotland Today 6.05 Elton.

TYNE TEES: 9.25 Spooner. 10.15 The New Adventures of Black Beauty. 12.25 The Littlest Hobo. 12.50 Tyne Tees Newsweek. 2.35 Wonder Man. (1945) 4.25 Life Goes On. 5.20 The $64,000 Question. 5.50 Tyne Tees Weekend. 11.15 Local Weather.

YORKSHIRE: 9.25 Spooner. 10.15 The New Adventures of Black Beauty. 12.25 The Littlest Hobo. 12.50 Calendar News. 2.35 Wonder Man. (1945) 4.25 Life Goes On. 5.20 The $64,000 Question. 5.50 Calendar News and Weather. 11.15 Local Weather.

S4C Wales as Channel 4 except:- 7.05 Early Morning. 12.45 Mork and Mindy. 1.15 [illegible] 1.45 [illegible] 2.45 A Tribute to Gracie Fields. 3.15 Holy Matrimony. (1943) 4.50 The Further Adventures of Billy the Fish. 0.00 Survival. 5.30 Pobol y Cwm. 7.15 Licyris Olsoris. 7.55 Hel Straeon. 8.25 Canwn Mollannwn. 8.55 Newyddion. 9.00 Saith Diwrnod Ar Y Sul. 9.15 Tour de France. 9.45 True Stories. 10.50 Traffik. 11.50 ENG.

RADIO

SATURDAY

BBC RADIO 2

6.00 Barbara Sturgeon.
8.05 Brian Matthew.
10.00 Anne Robinson.
12.00 Hayes on Saturday.
1.30 Jimmy's Cricket Team.
2.00 Summer Afternoon with Ken Bruce.
4.00 Andrew Lloyd Webber: in Production.
5.00 Cinema 2.
5.30 Nick Barraclough.
6.00 Steve Race.
7.00 David Mellor.
7.30 The Most Happy Fella.
10.00 Radio 2 Arts Programme.
12.05 John Terrett.
4.00 Barbara Sturgeon.

BBC RADIO 3

6.35 Open University: George Eliot.
6.55 Weather.
7.00 Record Review, JS Bach, Crusell, Strauss, Telemann, Tchaikovsky, Prokofiev, Britten.
1.00 News.
1.05 L'Estro Armonico. Concertos by Vivaldi.
1.35 Test Match Special. Cricket: England v Australia.
6.10 Evening Sequence. Selection of music on disc.
7.10 Opera News.
7.40 Boris Godunov. 1869 version of Mussorgsky's opera.
10.20 Mieczyslaw Horszowski. Profile of the Polish-born pianist.
11.15 Impressions.
12.30 News. 12.35 Close.

BBC RADIO 4

6.00 News Briefing.
6.10 Farming Week.
6.50 Prayer for the Day.
7.05 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway. David Lodge goes walking in the Sierra Nevada.
10.00 Postcard from Gotham.
10.30 Knowing Me, Knowing
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 Ukridge.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Playhouse: Hereafter by Jonathan Myerson.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth. Population control in the Third World.
5.25 Travel Writers. Neil Walker journeys to the remote valleys of the Himalayes.
6.00 News and Sport.
6.25 Week Ending. Satirical review of the week's news.
6.50 Knowing Me, Knowing You. A week in the life of Alan Partridge.
7.20 Kaleidoscope. Louise Buck and Tim Marlow report from the Venice Biennale.
7.50 Saturday Night at the Movies: Night of the Hunter.
9.50 Ten to Ten.
10.00 News.
10.15 Open Mind. The issues of the day.
10.45 Panscrub Voices.
11.00 Singing for a Living.
11.30 Winston in Europe.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As BBC World Service.

BBC RADIO 5

6.00 World Service.
6.30 Mark Curry's Weekend Edition.
9.30 Get Set.
10.30 The Adventures of Superman.
11.00 Test Match Special.
1.30 Wimbledon '93.
7.30 Afropop Worldwide.
8.30 Le Top.
9.30 Nightbeat.
10.00 Sports Bulletin.
10.15 The Way Out.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at the these times GMT:
6.00 News. 6.30 Europe Today.
7.00 News; News About Britain; The World Today. 7.30 Meridian.
8.00 Newsdesk. 8.30 People and Politics.
9.00 News; Words of Faith; A Jolly Good Show.
10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports.
11.00 News; Printer's Devil; Letter From America. 11.30 BBC English. 11.45 Mittagsmagazin: News in German.
12.00 Newsdesk.
12.30 Meridian. 1.00 News; Words of Faith; Multitrack 3.
1.45 Sports.
2.00 Newshour.
3.00 News; Sportsworld.
4.00 News; BBC English. 4.30 Heute Aktuell: News in German.
5.00 News; Sportsworld.
6.00 BBC English. 6.30 Heute Aktuell: News in German.
7.05 German Features.
8.00 News; AD. 8.45 From The Weeklies.
9.00 News; Words of Faith; Personal View. 9.30 Meridian.
10.00 Newshour.
11.00 News; News About Britain; Jazz For The Asking.
11.45 Sports.
12.00 News; Words of Faith; Book Choice; A Jolly Good Show.
1.00 Newsdesk. 1.30 The Ken Bruce Show.
2.00 News.
2.01 Play of the Week: The Master And Margarita.
3.00 Newsdesk. 3.30 Just The Job.
4.00 News; News About Britain.
4.10 Sports. 4.30 BBC English.
4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2

7.05 Good Morning Sunday.
9.05 John Sachs.
10.30 Hayes on Sunday.
12.00 Bob Holness.
2.00 Benny Green.
3.00 Alan Dell.
4.00 The Stars and Stripes Forever.
5.00 Charlie Chester.
7.00 Richard Baker.
8.30 Sunday Half Hour.
9.00 Alan Keith.
10.00 Chris Stuart.
10.15 Pavarotti in Central Park.
11.30 John Terrett.
3.00 Alex Lester.

BBC RADIO 3

6.35 Open University: Witness to Change.
6.55 Weather.
7.00 Sunday Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 Spirit of the Age.
1.00 News. 1.05 Into the Garden.
1.20 BBC Philharmonic.
2.40 God Bless America.
4.10 Talich Quartet. Mozart and Mendelssohn.
5.10 BBC Scottish Symphony Orchestra. John Casken, Mahler, Goehr.
6.30 Ars Subtilior. Virtuoso 14th century music.
7.30 Sunday Play: Burn the Aeneid! By Martyn Wade.
8.30 From Moravia and Slovakia. Janacek, Eugen Suchon, Janacek.
10.00 Nelson Goerner. Rachmaninov and Ginastera.
11.00 Music in Our Time. Esa-Pekka Salonen, Michel Gonneville, Thierry De Mey, Tapio Tuomela, Bettina Skrzypczak, Jan Van De Putte.
12.30 News. 12.35 Close.

BBC RADIO 4

6.00 News.
6.10 Prelude.
6.30 Morning Has Broken. From St Mary's Church, Wimbledon.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm. Agriculture north of the Border.
7.40 Sunday.
9.00 Jonathan Dimbleby.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service. From the American Church in London.
10.15 The Archers. Omnibus.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial: The Sea, The Sea. By Iris Murdoch.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Smashing Pots. Nigel Barley on African pottery.
5.00 The Greening of Red Ken. Part one. Zoo keepers.
5.30 Poetry Please! With guest Gareth Owen.
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Europhile.
7.00 The Board Game.
7.30 Bookshelf.
8.00 Punters. With Susan Marling.
8.30 Laughing Aloud: England, Their England. Ken Dodd reads from the autobiography of Les Dawson.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 Journey Without Return.
11.00 In Committee. The activities of MPs.
11.30 Seeds of Faith. The environment and Christianity.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5

6.00 World Service.
6.30 Mark Curry's Weekend Edition.
9.30 The Island of the Big Yellow Ox.
10.00 Johnnie Walker.
11.30 One Day in a Life.
12.10 Learn to Earn.
12.40 Open Forum.
1.05 Wimbledon '93.
7.20 Open University.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in western Europe on medium Wave 648 kHZ (463m) at these times GMT:
6.00 Newshour. 7.00 News; News About Britain; Printer's Devil. 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent; Write On. 9.00 News; Words of Faith; Ray On Record. 10.00 News; Business Review. 10.15 Seeing Stars. 10.30 Folk Routes. 10.45 Sports.11.00 News; Science In Action. 11.30 BBC English. 11.45 News and Press Review In German. 12.00 Newsdesk. 12.30 The Ken Bruce Show; News. 1.01 Play of the Week: The Master And Margarita. 2.00 Newshour. 3.00 Sportsworld: Wimbledon Men's Singles Final. 6.00 BBC English. 6.30 News And Features In German. 8.00 In Good Voice. 8.30 Europe Today. 9.00 News; Words of Faith; Folk Routes. 9.30 Brain of Britain. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Seeing Stars. 11.30 Letter From America. 11.45 Sports. 12.00 News; Business Review; Ray On Record. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News; AD. 2.45 Arabian Sounds. 2.00 Newsdesk. 3.30 Composer Of The Month: The Burgundians. 4.00 News; News About Britain. 4.15 Sports. 4.30 BBC English. 4.45 News And Press Review in German.

CHESS

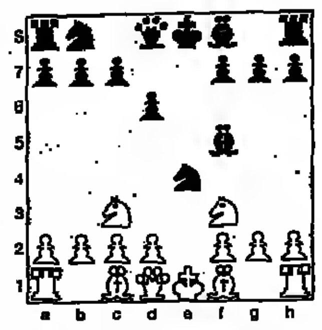
WHEN India's leading player Vishy Anand was a young master, it seemed he would be remembered mainly as the loser of the shortest game in a modern international tournament. Anand's six move defeat was published worldwide; and many players never live down such episodes.

Now Anand's embarrassment is forgotten as he steadily strengthens his position as the crown prince of chess. In Fide's latest world rankings, widely criticised for their omission of Kasparov and Short, Anand has advanced to No 2 behind Karpov. Anand is the fastest player on the professional circuit and only Kasparov has his measure in individual games.

Last month Anand went unbeaten through tournaments at Las Palmas and Madrid, where he sacrificed a rook and bishop for an elegant mate (V Anand, White; F Izeta, Black; Madrid 1993).

1 e4 d6 2 d4 Nf6 3 Nc3 c6 4 f3 e5 5 Be3 Be7 6 Qd2 0-0 7 0-0-0 b5 8 g4 Black's opening, a home-brewed mix of Philidor, Old Indian and Modern defences, is too passive, so Anand starts an early attack. exd4 9 Qxd4 Be6 10 g5 Ne8 11 f4 Qa5 12 a3 f5 13 exf5 Bxf5 14 Nge2 Nc7 15 Ng3 Bg4 16 Bd3! d5 17 f5! White's modest investment of rook for bishop opens up the black king while the defenders are undeveloped or distant. Bxd1 18 Nxd1 Bd6 19 Qh4 Ne8 20 Bd4 Qc7 21 f6 gxf6 22 gxf6 Rf7 23 Rg1 Kh8 24 Bxh7! Rxh7 25 f7+ Ng7 26 Bxg7+ Resigns. If Kxg7 27 Nf5++ Kxf7 28 Qxh7+ Ke6 29 Nd4+ leads to mate.

No 981



Anand's mini-defeat began 1 e4 e5 2 Nf3 Nf6 3 Nxe5 d6 4 Nf3 Nxe4 5 Nc3 Bf5. Black's last move looks natural, so why was it a mistake?

Solution Page XVIII

Leonard Barden

BRIDGE

MY HAND today is from teams:

```
              N
            ♠ A K
            ♥ A K 8 3
            ♦ J 10 6 5 3
            ♣ K J
     W                  E
♠ Q 9 8 4          ♠ J 7 6 5 2
♥ J 9 7 4 2        ♥ Q 10 8
♦ K 9              ♦ 8 7 2
♣ 5 2              ♣ 9 6
              S
            ♠ 10 3
            ♥ 5
            ♦ A Q 4
            ♣ A Q 10 8 7 4 3
```

South dealt at love-all and opened the bidding with one club. North replied with one diamond and South re-bid two clubs. North said two hearts, a responder's reverse, which is forcing. South did not give diamond preference but jumped to four clubs. North said four no-trumps, to which South said five hearts, and North followed with five no-trumps, not asking for kings but the grand slam force. South obediently went seven clubs, ending the auction.

West led the two of clubs and declarer took stock. He had 12 top tricks, and the 13th could come from the finesse of the diamond queen. Winning the lead with the king, South cashed four more rounds of trumps, throwing diamonds from dummy. West discarded a heart and a spade and East threw one spade, which was sensible, and two diamonds, which was foolish.

South decided that West had the diamond king and that a heart-diamond squeeze was the only chance of success. He played one more round of trumps, throwing another diamond from the table and forcing spades from both defenders. He cashed ace and king of hearts and ruffed a heart, dropping the queen from East.

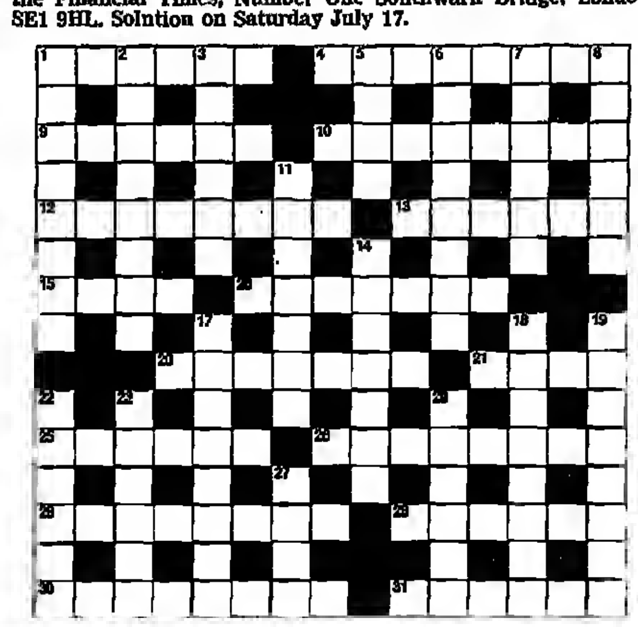
Prospects looked good. West held heart knave and diamond king and nine; dummy held spade ace, heart six and diamond knave. South held spade 10 and ace and diamond queen. South crossed to spade ace. West was in trouble, he let go the diamond nine and South made ace and queen for contract.

E.P.C. Cotter

CROSSWORD

No. 8,192 Set by CINEPHILE

A prize of a classic Pelikan Sonverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday July 14, marked Crossword 8,192 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday July 17.



Name..

Address..

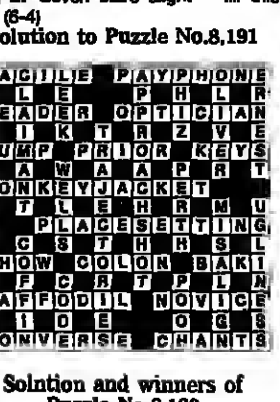
ACROSS

1 Previously in front (6)
4, 8 What was made by the fight brigade with support of battery? (8,6)
10 Flight from reality is a thousand paces out (8)
12 Journalist on the subject of beer (6)
13 Colourless character has a little weight in love (6)
15, 16 Plea for boxing, possibly, in a-spirit of French guard (4-7)
20, 21 Chirpy creature at dance gets bowled over, so to speak (7,4)
25 Setter's agreement to strike? (6)
26 Desert lad in trouble among groups (3,5)
28, 29 One (or two or more) that anaesthetises ecclesiastic? (8,6)
30 Live: death's turn next, proclaims chapel (8)
31 Greek philosopher comes in with a lesson (6)
23 Liquor with no body? (6)
24, 27 Seven stars alight – till this (6-4)

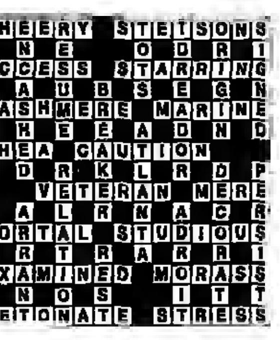
DOWN

1 Support behind for bachelor king in summit (4,4)
2 Standard-bearer with paving-stone over 30 square yards (4-4)
3, 5 Look smaller, as if nothing had happened (10)
6 Cleaning lady's hair is mustard (8)
7 Painter is at home with fruit (6)
8, 11 Around the French world, money, three cents possibly, makes acceptable behaviour (6,7)
14, 17 Usual custom of the medical profession (7,8)
18 Writer in waterway having another for dinner? (6)
19 A stroll's turned into a jumble (3-5)
22 Indian fabric for family horse (6)

Solution to Puzzle No.8,191



Solution and winners of Puzzle No.8,180



Alleon Chisholm, Birkdale, Southport; J.H. Entwisle, Willington, Cheshire; David Grace, Sidcup, Kent; Janice Houston, Falkirk; R.V. Menon, Hale, Cheshire; B. Naylor, Saffron Walden, Essex.

Future belongs to astrologers

ONCE UPON a time people read newspapers in order to read news. They wanted to find out what had happened in the world the day before.

Now people read newspapers to find out what will happen tomorrow, and, in particular, what will happen to them. The astrologer has become the most successful writer in newspaper and magazine publishing, outstripping in both pay and popularity even the most esteemed journalist.

Then there are those who tell readers not what will happen to them, but what they should do, to make the right things happen. These are the agony aunts, scarcely less popular than the astrologers, and scarcely less tendentious.

Perhaps the most famous is "Dear Abby", syndicated worldwide to inform Asia and Africa of what middle-aged female America thinks is the correct way to eat at table. The great masses of these continents seem to take all this very seriously: they have an inkling that the US is the world's dominant culture, and therefore worth respect, if not imitation.

We, however, do not import the East's astrology and agony columns, which is a great pity. They are far more entertaining than their western counterparts. One of my favourites is Dr Paisarl, whose "Thai astrology" column appears just underneath "Dear Abby" in the *Bangkok Sunday Post*. Dr Paisarl is wonderfully clear in his answers to the most difficult questions, in sharp contrast to the wishy-washy generalisations of his western rivals. In a recent issue, one of his female correspondents (they usually are female) wrote "I wish for you to predict when I will meet my life partner and have my own business. I was born in Bangkok on July 18th 1965, at 3.25 am."

Dr Paisarl had all the facts at his fingertips. "Dear Madam: Against all the odds you cannot initiate any business of your own. It's only your wishful thinking. However, you will regularly get a very high salary until your retirement. Don't try to change it, except after you marry ... Your life partner will be a widower many years your senior. He will be a smart-looking well-off man, who will always try to please you. He may have two children from his previous marriage. You will have a chance to meet him this October or by January at the latest. You will develop your super-romantic love very fast and get married next year."

To a correspondent, writing from India with the simple request: "Could you please tell me about my future in general?" Dr Paisarl responds: "As for your personal life, you will barely have the freedom to choose your own spouse. You will get married with the one selected by your parents. You will change your residence next year and rarely will you stay in your home town. You can settle down between 1996 and 1997 but you are unlikely to have many children."

"Dear Abby" and the other US agony aunts seem on the face of it to come from a much saner world. On the same day as the items I quote from Dr Paisarl Dear Abby published a letter from "Colorado mother", who wrote that "Yesterday my four year old daughter took a nasty spill and hit her face on our coffee table. She now has a black eye and a terrible bruise. This morning, out of fear of being accused of child abuse, I cancelled the time I had reserved for her at the day care centre. I really had nothing to hide, but these days all it takes is a whisper, a rumour and the child welfare people will be calling on you and asking a lot of questions. It is getting like the Salem witch hunts all over again."

Dear Abby replied that "Colorado mother" should have taken her child to school, adding the rather sinister proviso "if, as you explained, the child fell ... and you had nothing to hide." I imagine that most western readers would find Dear Abby reassuringly normal after the bleak lives and primitive assurances of Doctor Paisarl. But it seems to me that the middle America conjured up by Abby and her neurotic correspondents is a crazier place by far. The East might still have arranged marriages, but it has avoided the witch hunts of the West's social workers.

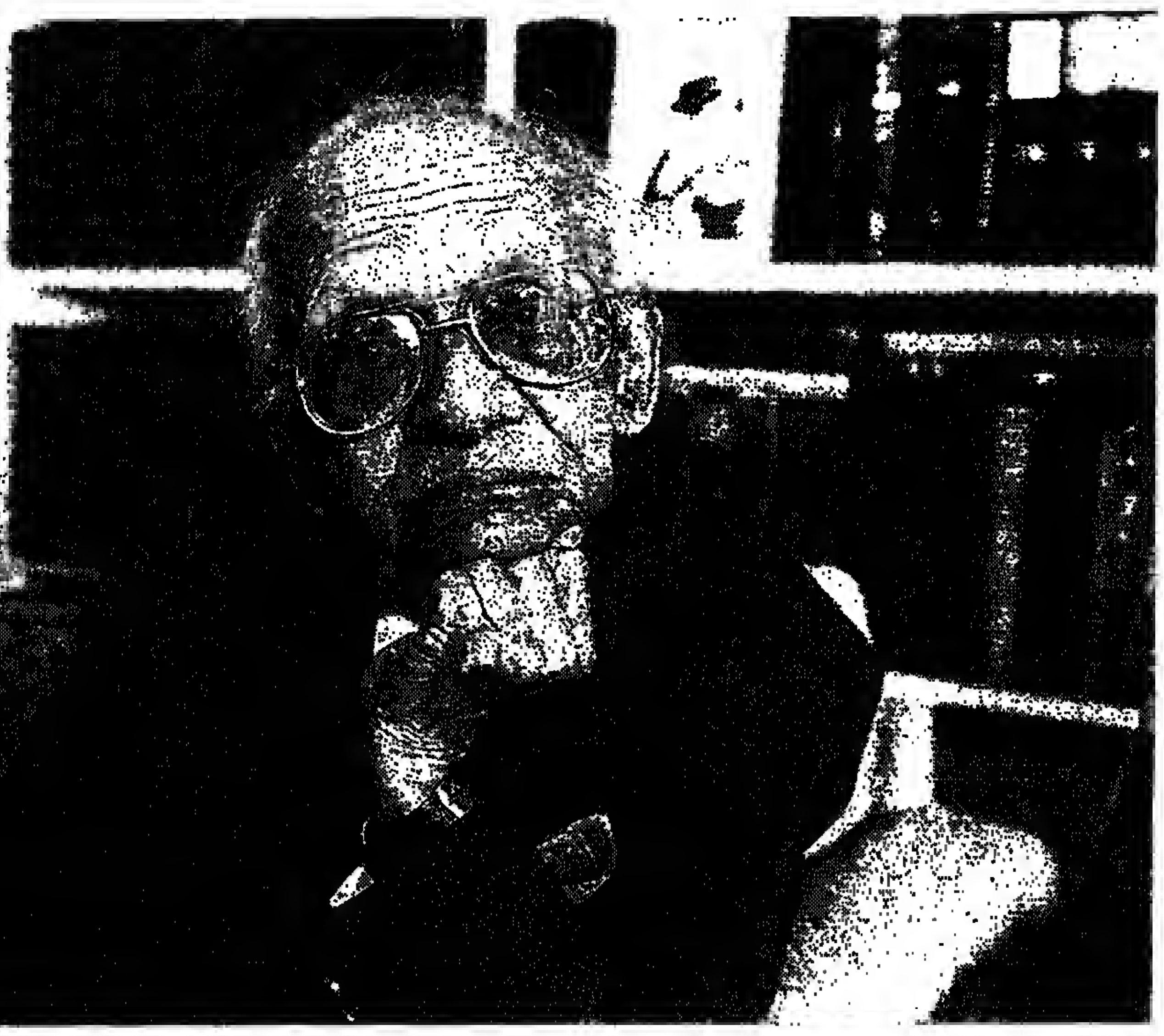
Dominic Lawson

■ *Dominic Lawson is Editor of The Spectator.*

Private View/**Christian Tyler**

Sprightly oracle of a decadent century

*Bengali writer **Nirad Chaudhuri** looks back on 95 years of a full and controversial life and explains why he thinks the West is going rotten*



IN HIS 96th year Nirad Chaudhuri, the Bengali writer, burns with astonishing vitality. His memory is elephantine, his knowledge encyclopaedic. He is too poetic for a pedant, too passionate for a philosopher, too scholarly for a journalist, and too playful for his adopted role as the Cassandra of his century.

Within seconds of my arrival he was giving a virtuoso performance which he conducted with elegant hands. He talked nineteen to the dozen, shuffling to the bookshelf to show off a prized volume or quotation, denouncing the new English Bible ("you cannot keep Christianity by making your religious literature accessible to shopgirls") and reciting the Lord's Prayer in Greek and Latin.

Having come to quiz him about old age, I was disconcerted by this impish figure dressed like a perfect English gentleman and as proudly as a bantam cockerel. Eventually I asked if there were pleasures in being 95, or only disadvantages.

"It depends absolutely on the individual," he said. "I don't get on with elderly people at all because they consider me mad. I consider them dead." He cackled.

Chaudhuri was a premature baby and "always scraggy". He is 5ft tall and weighs six stone. Until late middle age his health was poor (for which he blames his failure to get his MA after a First in history at Calcutta).

"For myself I took special care that I should remain a live person. So for the last 50 years I have not taken any Indian food. And you don't know how I despise and hate vegetarianism. I don't eat much bread or anything else, only meat, vegetables, milk products and fruit.

"I have lived because lowly things have a longer life than higher ones: for instance, weeds, mice, snails survive where human beings may not. I am, from the purely zoological point of view, no better probably than a snail.

"But what I felt is that whoever has kept me like this – I don't believe in the ordinary kind of religion: it may be the universe, it may be the cosmos – he has spared me my mind. I say the day I shall lose my mental efficiency, let me die.

Chaudhuri claims to have written his two volumes of autobiography from memory. "Memory comes from interest in life," he declared, rattling off the names of the geological ages by way of demonstration. He got to his feet and, stiff and straight as a schoolboy, recited a Bengali poem he had learned in 1920 and some verses of Ronsard, the 16th century French poet.

He had never revised his writings, never had to change his mind about the decadence of his century – though he admitted being temporarily deflected by England's post-war optimism. "My mind doesn't change," he said, "because my mind is really a camera. I take credit only for developing the negative."

Don't you think the world looks a quite different place to the young and to the old?

"Certainly. But I have never lost the sensibility to the world which I had at 16. And I remain that idiot. I could not be a greater fool. That is to say, I am in layers. I am not one personality. The wretched people" (he did not specify which wretches) "they are so very monolithic they don't understand that I am layers of sedimentary rocks."

At the age of 29 he was struck dumb by a girl he saw in Benares. "After the train left Benares station, I felt something had snapped here." He touched his breast pocket. "I lay down on the bed and cried for three hours for that girl," he continued, shrieking with laughter. "A man who can be such an idiot at 29 will retain his idiocy all his life!"

Socrates said that one advantage of age is that sexual desire goes. Is that true?

"I don't know about women. But at no time in his life does man lose sexual desire. The only question is at what level he retains it. This is the horrible tragedy of age." Sex was not love but could never be banished, "just as alcohol remains in the best chateau-bottled wine."

In view of his own vitality I asked him if he was only professionally a pessimist.

"No, I am not professionally pessimistic, I am professionally realistic. As a student of history I cannot deceive myself as to the symptoms I see. That does not mean I have despaired of mankind for ever. My difficulty today is that while if I had lived at the end of the Roman Empire I should have easily pointed out where the new life was coming from – Christianity and the new Germanic blood – today I cannot. Because what I call the new country, America, is even more decadent, more rotten – from the human point of view, not technologically – than the old."

Every old man, I ventured, says things have been going downhill since his youth. What makes this century – your century – special?

"This is nothing to do with the natural change of opinion in elderly people. On the contrary. I may be disenchanted with the present state of the world but of mankind I have not despaired."

Chaudhuri grew up in Kishorganj, now in Bangladesh, hating the British rule like his fellows but, he says, compelled eventually to recognise its cultural superiority. He dedicated his first book, *Autobiography of an Unknown Indian*, a beautifully-written compound of lyrical descriptiveness and historical analysis, "to the memory of the British Empire in India."

He lived in Calcutta until 1942, then Delhi, and settled in England at the age of 73 to ruminate on the decadence of both India and its imperial masters and what he calls the disaster of Indian independence. The result was the quasi-autobiographical *Thy Hand, Great Anarch!*, completed in his 90th year.

"I am a dedicated imperialist", he explained. "I did not get my idea of imperialism from that exploded intellectual creature of hatred, Karl Marx. I got it from the Roman Empire."

Chaudhuri's theme is the cycle of civilisations in which mankind ascends to the divine or sinks lower than the beasts. I remarked that Tolstoy had found intellectual comfort in the simple faith of peasants. Chaudhuri snorted.

"They don't understand. They are like animals. I have never been an egalitarian. I believe mankind will become so different in 1000 or 500 years that he will not be recognisable as the same animal.

"Zoological speciation may have ceased but mental speciation will continue. Why is it that when Bengalis come I understand them but they don't understand me? They are on a lower plane as a mental species. I admit an affinity with the dog, I admit an affinity even with a bird or an earthworm. So we never have the right to look down on anybody who is not grown to our point. But I have evolved mentally where others may not have evolved."

Foreign aid was a waste of time, he said. He told a former British High Commissioner that no amount of money could turn chimpanzees into English gentlemen. "All collateral lines are dead lines while the European tip remains living. But it is causing me real pain that what I call the living tip seems to be withering."

What is the evidence for that?

"Simply, even the conception of physical love has disappeared. Taste in food has disappeared."

You mean sexual behaviour is immoral?

"I don't mean moral or immoral. I say it's become crude. Empire is gone, economic spirit is gone, industrial superiority is gone. Can these disappear without mental decadence? There is nothing wrong."

Nothing wrong with decadence?

"Nothing wrong. It's ageing. Now look here. This is fundamental to my thinking. Just as a man grows up, reaches the full majority of his power, then ages, so do nations. If you do not accept that then we shall never agree."

With that the old man whipped out his false teeth and held them grinning up to my face. "There's nothing to be ashamed of, nothing discreditable," he mumbled. He replaced the denture. "It is the law of nature. Nobody can escape it. But there is a difference, as the Romans said, between perishing in your house full of years and honours and perishing of syphilis in a brothel." He repeated the last phrase with relish.

I asked for other symptoms of Western decadence. "Physical energy has gone and the vitality which expresses itself in *joie de vivre*. Pleasure is not happiness."

What about art?

"Art is non-existent."

Music?

"Creation is non-existent, enjoyment remains. I formerly never fell below Schubert. Now I have come down even to Elgar. But in painting I don't acknowledge anybody to be a painter after Cezanne. Architecture disappeared. Artistic life is no longer: it's all fraud."

The obvious riposte, I said, is that you are an old man who won't accept modern aesthetic values.

Chaudhuri was angry. "This is absurd. Look here. I am the only man in India who has great monographs on palaeolithic painting. From that to Chinese, Japanese, Indian, Persian, European, *all I can admire*. You cannot say I am narrow. It is nothing to do with my age. This silly thing is always said about me – the idiots. If I can admire, for instance, Indian music and European music both, if I can admire palaeolithic painting to Cezanne, can you tell me that I am narrow?

No.

"Then that is it."

I asked him if his unpopularity in India upset him; he countered by saying he was the highest-paid contributor to the Bengali press. But perhaps they like hearing the worst of themselves? "No, Indians don't like it. What they did like was being criticised by white men. That nurses their grievance. Indians have two great passions: one is making money, the other is nursing a grievance." He chortled.

"Now, in India they can do neither so they come to England" (he was hardly able to speak for laughing now) "and complain they are being ill-treated. Not one son-of-a-bitch will go back. I have not met a single Indian in England in this 23 years who has not said 'we hate the English, they ill-treat us.' If I had felt that for even 10 hours I would have taken the aeroplane. Do you think I would submit to this insult?

"Their greed for money is because they have accepted defeat in life, and all people who accept defeat in life want to nurse a grievance. The elixir of success passes away but grievance, never!"

What do you think of your own future?

"I may not arise from the bed tomorrow morning. Listen. From the age of 16 to about my 50th year there was not one evening I went to bed without thinking of death. Now I have come to terms with death. I have lost all fear of it."

The annihilation of death was horrible, tragic, he said, but had to be accepted. "If at my age a fellow is not prepared to die next moment, he's a damned fool." He quoted Marcus Aurelius: 'Mortal man, you have been a citizen of a great city and you are going to leave it. Don't complain.'

"I am going, but..." He broke off and rummaged in a tray of odds and ends. When he turned round he was holding a small battery. "I consider myself a little bit of electricity packed in a dry cell. And when the universe has done with me, I am thrown, like this ..." and he threw the battery into the fireplace.

You have used your life to the full, I said. What was its purpose?

"My purpose is, first of all, to find what human value my country and civilisation has created which will remain valuable for all mankind. But also to find what mankind has done to make human life a great thing. Had I been a poet I should have brought something new. But what I can bring is an interpretation which would give faith."

But if we are coming to the end, like ancient Rome, not even your analysis is going to save us.

"Plato wanted to prevent the decadence of Athens, but that does not mean Plato has not been useful for later generations. What I say is this. If there remains any interest in India, any knowledge of the English language, I will live. If there remains any interest in mankind, my books will be read. Though they interpret the value of human life in terms of India that does not mean they lack some universal application. I shall form part of the mental life of future generations."

As I rose to leave, Chaudhuri barred the doorway. "You can choose to be ordinary," he said. "You see here an extraordinary man."

I had to agree.

As they say in Europe/**James Morgan**

The soft soap of capitalism

THE OTHER day I went to a fascinating meeting (sorry about the oxymoron) which discussed the first half year of the "Marshall Plan of the Mind." The MPM was the idea of my ex-boss, John Tusa, and has been partly supported by an imaginative grant from the Foreign Office. It employs the talents of some of my colleagues who try to spread information about the free market, capitalism, business et al to Russia, warts and all.

Theyt make programmes in Russian for Radio Russia. These include *How Business Works*, another *In Business* and a third is the *Free Market Society*. The fourth is a radio soap opera, *House No 7*. The audiences run into millions. *House No 7* is a particular success but also produces cultural clashes for there is no tradition of radio soap in Russia. There is no tradition of discussing business problems: "intellectuals" hate the very word "business". There is no tradition that deals with worldly matters, except socialist realism. Yet socialist realism had to be destroyed before *House No 7* could be constructed – heroic tractor drivers' platitudes and stage villains are not the stuff of soap.

So getting nine Russian scriptwriters to make the residents of *House No 7* talk about trade has been a problem. They work under the direction of a young Englishwoman who once helped keep *The Archers*, Britain's most popular radio soap, down on the farm handing out information about how to grow things. The similarities between daily reality as portrayed in *The Archers* and that of *House No 7* are limited. A profile of one of the characters runs: "Dima's latest idea is to sell gas-guns ... Dima has heard that some of the guns are defective and that users have been injured. He decides to monitor carefully who he is selling to. Dima is offered a consignment of ladies' underwear ..."

Thus we are introduced to a character my colleagues in business journalism would call a "gas-gun-to-panties conglomerate". Dima has been left facing the choice of whether to move into narcotics. This illuminates a solution to a basic problem that underlies the relationship between the British producer and the Russian actors and writers. The Russians have mastered the production requirements of radio soap, but they struggle to leave listeners on the edge of their seats.

So not only has the producer to push her team into thinking about business, she also has to demand, when listening to a story outline, *"A potom?"* ("And then?"). It is here one sees the clash of the pre-capitalist East and the post-modern West in microcosm.

The problem is *A potom?*, what will happen next, but it is an Anglo-Saxon problem. In Russia everybody knows what will happen next. Disaster will strike. Oblomov will go back to sleep, Raskolnikov back to prison. And, where themes might peripherally concern business problems, they merely highlight the inevitable doom; the cherry orchard will not be cut down by its owners, the Ranyevsky family will be evicted as a result. The tension that exists in Russian culture focuses on when, not if, the hero-as-victim is next going to get it in the neck. This partly reflects the language – the construction of Russian verbs concentrates on the when and the how, rather than the what, of actions and events.

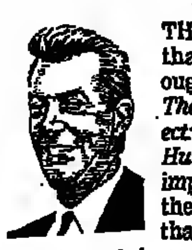
When I returned to my office after the meeting I switched on the little television by the desk, zapped to the Russian first channel and there was an episode of the fabulously popular Mexican soap, *The Rich Also Weep*. One could see why the Russians like it: there were a lot of rich people getting it in the neck as their individual personalities led them to their preordained rendezvous with destiny. (Latin Americans and Russians have more in common than one might think.) The evocation of wealth was enchanting: huge chandeliers in dining rooms built to small studio scale, copious supplies of colourful tableware, deep nylon-tufted carpets, pink front doors and Louis XV telephones.

House No 7 has been able to popularise the daunting reality of Russian everyday life without succumbing to the traditional sense of the futile. A virtue of all these programmes is that they provide a comprehensive manual of contemporary Russian life. As the British presenter of *How Business Works* remarks of the crazy diversification programme developed by one entrepreneur, "Mr Aleshkin laughed in agreement when I said this was economic madness." Chekhov is still writing the scripts.

■ *James Morgan is economics correspondent of the BBC World Service.*

Rights for apes

Michael Thompson-Noel



THERE IS A book that I think you ought to read, called *The Great Ape Project: Equality Beyond Humanity*. It is an important book for there is a chance that if enough of us read it, and do something about it, good will come of it – perhaps so much good that we will be able to ameliorate the predicament of our own species by helping others.

Our closest relatives are chimpanzees. To put it another way, says Jared Diamond, professor of physiology at the University of California, *chimpanzees*' closest relatives are not gorillas but humans. The genetic difference – 1.6 per cent – separating us from pygmy or common chimps is barely double that separating pygmy from common chimp and less, for example, than between such hard-to-distinguish European bird species as willow warblers and chiffchaffs (2.6 per cent).

Despite our genetic closeness to the other great apes, we treat them badly. Hence this book, in which 34 writers – scientists, philosophers, a lawyer, a psychologist – anticipate a new stage in human development: a reassessment of the moral status of chimps, gorillas and orang-utans and the acceptance of some *non-human animals as persons*.

The authors want a declaration on great apes that welcomes them into a "community of equals" and gives them various rights, enforceable at law, including the right to life, protection of liberty and the prohibition of torture.

At present, says the declaration, only some humans are regarded as members of this community. But there is now no remaining moral or ethical argument *against* extending it. "History shows us," the declaration maintains, "that there has always been, within our own species, that saving factor: a squad of determined people willing to overcome the selfishness of their own group in order to advance another's cause."

HAWKS & HANDSAWS

I was so uplifted by *The Great Ape Project* that I scuttled round to London Zoo to talk to one of the chimps, funnily enough named Michael.

With a bit of luck, I said, you will be out of here quite soon. There is a groundswell of opinion among intelligent humans that holds that our treatment of the great apes is similar to the way in which normally compassionate people once condoned human slavery.

Jane Goodall, an expert on chimps, says that evidence for sophisticated mental performances by apes has become ever more convincing, I continued. They can solve simple problems with reasoning and insight. Can plan for the immediate future. Experiments have demonstrated their powers of generalisation, abstraction and concept-forming. They can use abstract symbols to communicate. And they have some kind of self-concept.

The thing is, Michael, that the line dividing man from beast, "us" from "them," has become blurred and disreputable. We are all in this together. I *know* we are shuttling to oblivion on a pint-sized planet. But there is still time for humans to make amends – to acknowledge your rights and protect you from harm.

Michael snorted. He said: What makes you think we want to have anything more to do with you than the absolute minimum? Your species is a disgrace. You are wrecking yourselves and the planet.

I said: I suppose you mean our wars and nuclear adventurism and population growth? Or even the little things, our pornography and hard drugs? Our amazingly short-fused tempers?

That is only the start of it, said Michael. Apart from your ugliness and cruelty there is all the rest: John Major, John Smith, your silly political squabbling, prices at Sainsbury's, music critics, *News At Ten*, your obsession with stupid ball games, blithering Virginia Wade, Thames Water – the depthless banality of so many of your enterprises.

I said: Give us a break, Michael. We are still a young species. The last common female ancestor of all living humans probably lived 150,000 years ago. We are only 5,000 human generations old. This may explain our defensiveness: our insistence on "them" and "us." And we are not all bad.

I don't want to hear about the Sistine Chapel, growled Michael.

I don't mean that, I said. I mean that in most places we have at least stamped out slavery, the exhibiting of deformed humans in circuses and public hangings. We are trying to improve ourselves.

Michael turned away in disgust. He said: Tell that to the giraffes. They are suckers for happy endings.

■ *The Great Ape Project*, edited by Paola Cavalieri and Peter Singer. Fourth Estate, £9.99.